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Social Involution? The Impact of Economic Restructuring on the Working Class in Zambia

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Abstract

Countries in southern Africa have been implementing economic liberalisation policies for over two decades, with the aim of reversing years of economic decline. This process of economic liberalisation has been largely been influenced by the International Monetary Fund (IMF) and the World Bank policy prescription. While the developed world has been piling pressure on countries in the Sub-Saharan region to integrate their national economies into the global economic, different countries have responded differently in opening up their economies. For some, the new economic policy regime has entailed a shift from a state-run economy and focusing more on a free market economy. While some countries have taken a cautious approaching to economic liberalisation, Zambia went for rapid liberalisation, which has led to negative social consequences on employment and the livelihoods of the working class. Through the adoption and implementation of labour market flexibility policies, Zambia and other countries in the region have seen an upswing in new forms of employment such as casual labour, sub-contracting and temporary employment, which have no protection and have exposed workers to exploitation. Employment levels have also dropped as the capitalist investors shed off massive numbers of workers in order to reduce labour costs. Local manufacturing industries, in most cases, have been forced to close down and lay-off workers due to unfair competition with cheap imported goods. Liberalisation in developing countries in general and southern Africa in particular, has entailed weakening the role of the state in national economic management. Governments are increasingly succumbing to the dictates of multinationals and are failing to enforce regulatory measures needed to protect the welfare of workers and their working conditions.

Declaration

I declare that this dissertation is my own unaided work. It is submitted for the degree of Master of Arts (Industrial Sociology) in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any other degree or examination in any other university, nor has it been prepared under the auspices or assistance of any body, organisation or person outside of the University of the Witwatersrand, Johannesburg.

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Contents

List of Tables

Chapter One

1.1 Introduction

The last two decades has seen most developing countries implementing economic restructuring measures in order to reverse years of economic decline. The Southern Africa region has been no exception to this process of restructuring. The economic transformation has involved the adoption of economic measures that aim at helping to correct the structural weaknesses of the economies of the countries in the region. These measures have, in large part, been an adoption of the International Monetary Fund (IMF) and World Bank policy prescription. As a strategy for growth, it has been common for new governments to liberalise their economies by taking measures which have included, among others, the deregulation of foreign investment, liberalised imports, removal of currency controls, reduction in the role of the state and privatisation of former state enterprises. Before the popularisation of the free market economy, African economies were heavily regulated by the state with trade restrictions and other limitations firmly in place. The demise of the socialist system and the end of the Cold War has also had fundamental implications on countries that followed that type of model, triggering a transition towards market economies.

All these changes have been taking place under the ambit of a process of globalisation which, according to Stiglitz (2002), has been characterised by the removal of barriers and the closer integration of national economies into the international economy. Susan George in “Another World is Possible...”, defines globalisation as “the latest stage of capitalism and the political framework that helps it thrive” (2004: 11). For many years now, the drivers of globalisation have been urging African policy makers to integrate their national economies into the global economy in order to achieve faster economic growth. However, the results have not been as expected. According to critics, globalisation and restructuring have instead led to growing inequalities, declining employment opportunities and high poverty levels. While Stiglitz (2002) argues that globalisation can be a force with benefits, he notes that it also has had devastating effects, particularly on the poor.

Benjamin (1992) observes that a shared characteristic of countries in the Southern African region is their level of economic underdevelopment and the structural weaknesses of their economies. The inability of countries such as Zambia, Zimbabwe, Angola and even South Africa to move steadily on a path of development and to realise a more equal distribution of resources and wealth, argues Benjamin (1992), has contributed to internal dissatisfaction and political strife. Clearly, one single most significant development that has been a feature of the process of democratisation in Southern Africa is the rethinking of economic policies and developmental strategies among some of the region's states. According to Benjamin (1992), the region's potential for economic growth and industrialisation will significantly depend upon the ability of individual states to address the structural weaknesses of their economies.

As countries in the region face overriding economic challenges towards achieving equitable and sustainable economic development, they are grappling with the question of what kind of economic path is most suitable to deliver economic growth to individual countries. Obviously, as argued earlier, the centrally planned model has proved unworkable and more countries are turning to the free market economic system. While the degree with which free market economic policies are being embraced by individual states in the region varies significantly, it is clear that all the states have realised the importance and necessity of attracting foreign investment and assistance for the envisaged economic reconstruction (Spicer and Reichardt, 1992).

In order, therefore, for these countries to attract investment, adjustment in various areas is inevitable. Spicer and Reichardt suggest that reduced government intervention alongside a growing and increasing competitive private sector, liberalising control on trade and capital transfers and providing tax incentives for foreign investors "is the model for the decade" (1992: 260). However, like many advocates of the free market, Spicer and Reichardt (1992) fail to allude to the negative consequences such economic measures have on society and the ordinary people.

One of the immediate challenges confronting all the countries in the Southern African region is the need to address the problem of growing unemployment. The pressure of adjustment on national economies in the region has led to a decline in employment levels. In short, the labour market has been adversely affected by policies of liberalisation. Through trade liberalisation and privatisation, the Sub-Sahara region as a whole, has experienced declining employment levels. The continued implementation of economic reforms by developing countries has seen a reduction in the role of the state in economic development, in favour of the market. Critics also argue that the search for labour market flexibility by investors has resulted in the decline of employment and brought about low standards in working conditions. Available literature reveals interesting developments that have taken place in various regions of the world as part of economic restructuring, with post-communist countries dismantling their centrally planned system in preference for the market-led economic models (Burawoy, 1999).

However, it is also interesting and important to note the different approaches used by different countries to respond to the challenges of globalisation. For instance, while some Eastern European countries like Russia are still grappling with issues of poverty and economic decline despite their integration in the global economy, China on the other hand, has managed to record increased economic growth and declining levels of poverty (Burawoy, 1999). Sub-Saharan Africa, in particular the Southern African region, still ranks low in terms of growth in the contemporary world economy. Despite literature underplaying geographical and economic differences among countries in Southern Africa, major variations exist which have forced countries in the region to respond differently to demands of economic restructuring necessitated by the new world economic order.

Data from countries in Southern Africa reveals that existing inequalities and geo-national variations have resulted in different responses by countries to globalisation. Countries like South Africa and Botswana, with relatively strong economies, have succumbed to global dictates of economic restructuring and have started opening up their economies whereas others, such as Zambia, underwent rapid liberalisation in an effort to attract investment and boost economic growth, in a bid to reverse decline.

1.2 Aim of the Study

The main aim of this study is into examine the social consequences of economic liberalisation, in Southern Africa and Zambia in particular. The research focuses on the impact of privatisation and other reform measures on employment and working conditions of workers and how workers are responding to these changes. The importance of this research lies in its contribution to the research agenda on issues of economic restructuring and employment in developing countries and what implications such issues have for the future policy formulation. The key research question is:

What are the social consequences of rapid economic restructuring on workers in Zambia?

1.3 Rationale

It is generally acknowledged that economic restructuring generates both losses and gains in its process and it is also widely observed and acknowledged that losses that accrue from this process are more visible in developing countries than in the developed countries. However, within individual countries, this division is equally apparent. Evidence suggests that economic liberalisation has imposed enormous strain on emerging economies and the burden of this strain is being borne by the poor in society. The negative effects of restructuring are mostly concentrated among a particular group of workers while the gains are widely diffused and less visible (Dev, 2000). Through this study, it will be shown, by gathering evidence on the impact of liberalisation on the structure of employment in emerging economies, that economic reform measures aimed at stabilising an economy can in fact produce adverse results on employment growth. It will also be shown that these measures equally contribute to the deterioration in the quality of employment.

This research uses Zambia as a case study to show the effects of economic restructuring on labour. The example of Zambia, in this sense, is a befitting case given that it is a country that faced a double transition by going for a massive liberalisation programme which was shortly followed by democratisation. In other words, Zambia is placed on the spotlight in this study due to rapid liberalisation the country underwent in an effort to reverse economic decline. From the early 1990s, there have been profound policy changes in Zambia's economic policies which have had a variety of impacts on different sections of society. The economic policy changes have entailed transforming the country's economy from an inward-looking and state-dominated to an outward oriented economy largely based on free market policies and promotion of privatization of national enterprises. This "shock therapy" has drawn mixed results for different groups or sections of the Zambia society

Just after independence, Zambia made massive public investments in public works and creation of parastatal firms which were seen as the engine for development (Turok, 1989). Through this investment, the state was able to expand employment opportunities. As Turok writes, in six years – between 1964 and 1970 – 121 000 jobs were created, with manufacturing sector jobs growing by 77 per cent (1989:43). Turok (1989) notes that the intervention of the state in the economy was made to advance the interests of Zambian's individually and as a nation. Simwinga (1977) cited by Turok (1989) argues that Zambia's method of state intervention was carefully calculated to cause the least possible concern among foreign investors. This state intervention which amounted to a centralised command economy was, thus, seen as a legitimate attempt by the state to reduce foreign control of the economy.

Turok suggests that the nature of Zambia's state intervention was governed by three factors. The first factor was a "national response to foreign exploitation at the hands of local branches of foreign multinational corporations and expatriate owners generally" (1989: 49). Secondly, the local petty bourgeoisie had to use the state to propel themselves to a national bourgeoisie and thirdly, the state had to act in order to be seen to be fulfilling the promise of independence among the middle class, labour, peasantry and the masses in general (Turok, 1989).

However, the country's attempt to break some of the power of foreign capital and to generate the beginnings of autonomous development, though with some amount of success in the early years, set the country on a path of serious economic distortions which were to prove costly economically. Although Turok (1989) attributes much of Zambia's economic decline to world market forces, there are also suggestions pointing to domestic malfunctions and distortions which spelt stagnation in the state sector and which ultimately brought the whole role of state intervention into question.

As argued by critics, the current weaknesses in the economy were directly attributed to state intervention. Objections to state intervention by capitalist minded Zambians were emphatically resisted as there was a strong desire among all classes for national development and modernisation. According to Rakner (2003), the state after independence, evidently had sufficient capital to set the development agenda in motion. But after twenty years of political independence, the country, clearly, began to show serious signs of economic deterioration due to a number of factors as shall be shown later. Following this decline, the state started to dismantle its command control and began to move towards a more liberalised economic system.

Zambia experimented with various economic models, some of which were largely done under the influence of international financing institutions such as the International Monetary Fund (IMF) and the World Bank. The structural adjustment measures that were put under implementation caused dissent among Zambians and in some instances resulted in violent incidents such as riots. The UNIP government that had been in power since independence in 1964 became so unpopular due to the high levels of poverty caused by adjustment and this led to its defeat in 1991, following the country's reversion to plural politics.

The process of economic liberalisation which partially was started by the UNIP government in the late 1980s was accelerated by the MMD government in 1991. These reforms were seen by many as the only answer to the country's economic dilemma. The political and economic reform processes, as Rakner (2003) shows, initially had strong domestic support, including from the outspoken labour movement. The initial period following democracy showed a promising economic outlook but as illustrated by available literature, the record of policy reforms over the last fifteen years has been both complex and characterised by failure at reversing the immiserisation of the majority of the people.

Given Zambia's radical approach to restructuring, this study will, therefore, assess the effects of restructuring on the labour market and on the lives of the working class in Zambia. The concept of 'social involution' developed by Michael Burawoy, will be used to consider the longer-term social consequences of rapid economic restructuring. Social involution is described as the state of going backwards in time. This means instead of a transition leading to development, it goes in he opposite direction, leading to failure of development and subjecting the middle and lower classes in societies of developing states to exploitation by capitalism through the destruction of existing systems of production (Burawoy, 2001)

Although the Zambian case cannot be necessarily be replicated to other countries in the region, it could prove useful in providing a framework of understanding how developing countries, facing constrained economies, resort to desperate measures as a way of addressing structural weaknesses in the economy. Shock treatment is generally justified as inflicting pain for future gain. However, as many have argued, the economic logic attached to such policies often ignores the longer term social consequences (Burawoy, 2001; Stiglitz, 2002). This country study on Zambia, therefore, provides a strong basis for understanding how economic restructuring, in particular the privatisation of public enterprises, impacts on the livelihoods of workers and society leading to inequalities in income distribution and precariousness.

1.4 Chapter Outline

The report is organised in five chapters. The next chapter presents the literature framework for this research. It looks at what sort of policy changes have been adopted by economies in transition and in what direction such policies have taken such countries. The chapter also discusses globalisation and the neo-liberal agenda in order to provide an understanding of what necessitates emerging economies to undertake restructuring. In Chapter three, the research looks at the methodology applied in conducting this research. The chapter outlines the choice of research methods and describes how data was collected. Chapter Four is devoted to the research findings covering case studies of the five selected countries in the Southern Africa region. It shows the different experiences of countries in the region by exploring the similarities as well as the differences, in their approach to economic liberalisation. In Chapter Five, the research is grounded in Zambia by showing how the country's extreme policy changes have impacted on workers. The chapter also provides an analysis on the findings of the study. Chapter Six carries the conclusion and recommendations. On the basis of these finding, the chapter makes suggestions and recommendations on the way forward on how to minimise the negative consequences of economic reforms on workers.

Chapter Two

2.0 The Disembedded Market in Africa: Counter-movement or involution ?

"Our thesis is that the idea of a self-adjusting market implied a stark utopia. Such an institution could not exist for any length of time without annihilating the human and natural substance of society; it would have physically destroyed man and transformed his surroundings into a wilderness. Inevitably, society took measures to protect itself, but whatever measures it took impaired the self-regulation of the market, disorganised industrial life, and thus endangered society in yet another way. It was this dilemma which forced the development of the market system into a definite groove and finally disrupted the social organisation based upon it" (Polanyi, 2001[1944]:3-4)

2.1 Polanyian thinking and the Market

Modern day economic management thinking dictates that national economies are run based on the free market model. Following the dismantling and collapse of the socialist system and the ever increasing influence for the integration of national economies into the global economy, national economies are increasingly being driven by neo-liberalism under the guise of the free market principle. In the above quotation, the great Austrian thinker and scholar, Karl Polanyi (1886-1964), describes the market as "an institution (that) could not exist for any length of time without annihilating the human and natural substance of society".

But what is it that is referred to as the "market"? Block (2001) draws a linkage between the development of the modern state and the development of modern market economies. According to Block (2001), while the powerful modern state was necessary to bring about changes in the social structure that allowed for a competitive capitalist economy, the capitalist economy (commonly known as the free market economy) itself needed a strong state to mitigate its harsher effects. Polanyi believed that "English thinkers responded to the disruptions of early industrialisation by developing the theory of market liberalism, with its core belief that human society should be subordinated to self-regulating markets" (Block, 2001: xxii).

In his analysis of economic systems, Polanyi, according to Block (2001), drew out some differences between economic structures in which there were markets and the starkly utopian self-regulating markets of the nineteenth century. Polanyi sees the "entire tradition of modern economic thought, continuing up to the present moment, rests on the concept of the economy as an interlocking system of markets that automatically adjusts the supply and demand price mechanism" (Block, 2001: xxiii). In Polanyi's view, classical economists had intentions of creating a society in which the economy had been disembedded and encouraged politicians to pursue this objective (Block, 2001). But for Polanyi, the goal of a disembedded, fully self-regulating market economy is a utopian project that cannot exist.

Polanyi argues that before the nineteenth century, the economy was always embedded in society, meaning that the economy was not autonomous but subordinated to politics, religion and other social relations (Block, 2001). A self-regulating market entails a society-wide system of markets in which all inputs into the processes of production and distribution were for sale and in which output was distributed solely in exchange for earnings from sales of inputs (Mayhew, 2001). Block (2001) argues that it was Polanyi's thinking that the self-regulating markets could not survive because the starkly utopian nature of the system initiated a "double-movement". This refers to the continuing tension and conflict between the efforts to establish, maintain, and spread the self-regulating market and the efforts to protect people and society from the consequences of the working of the self-regulating market.

The argument here is that as the unrestrained market pushes human society to the edge, the people refuse to march to their own destruction and begin to retreat from the tenets of market self-regulation to save society from destruction (Block, 2001). In espousing the "double movement" framework, Mittelman (1997), explains that the "double movement" encapsulates unprecedented market expansion leading to massive social dislocation and a sharp political reaction in the form of demands on the state to counter the effects of the market on society. However, what is not clear though is whether, like the global economy of the 1930s, the contemporary process of globalisation would similarly, approach a conjuncture in which renewed liberal economic structures will generate large scale disruptions as well as sustained pressure for self-protection (Mittelman, 1997).

Early indications, in relation to the current process of globalisation, are that there seems to be increasing concerns about the liberal economic structures and the negative effects on society, particularly in emerging economies. Societies are demanding a stronger presence of the state to protect society without necessarily insulating national economies from the world system. Polanyi also notes that although through the Industrial revolution of the late eighteenth and early nineteenth centuries, the economies of much of Western Europe had been commercialised where people earned money to buy essential materials, control and regulation of markets by government and other organisations were also widespread and common and that markets were controlled up until the beginning of the nineteenth century (Block, 2001).

However, Block also argues that Polanyi's thesis of the double movement contrasts sharply with both market liberalism and orthodox Marxism "in the range of possibilities that are imagined at any particular moment" (2001: xxix). The drive to bring back the state to the forefront is grounded in the fact that markets can only work efficiently and dynamically in the presence of the necessary institutional framework. In his discourse of market utopianism, Burawoy (2001) insists on the centrality of the state in any market economy. I will return to this subject at a later stage in this chapter.

Another important development towards the end of the eighteenth century and during the first half of the nineteenth century that Polanyi brings to the fore, is the development of economic liberalism as a body of thought that provided justification of a new set of public policies that led to the transformation of land, labour and capital into "fictitious commodities" (Block, 2001). In laying out his argument, Polanyi distinguishes between "real and fictitious commodities", arguing that land, labour and money are "fictitious commodities because they were not originally produced for sale on a market" (Block, 2001: xxv). Polanyi, therefore, raises two issues in relation to the above argument. Firstly, on the moral issue, Polanyi argues that it is "wrong to treat nature and human beings as objects whose price will be determined entirely by the market", adding that "such a concept violates the principles that have governed societies for centuries where nature and human life have always been recognised as having a sacred dimension" (Block, 2001: xxv). Secondly, Polanyi argues about the role of the state, emphasising that the state must play a role in adjusting the supply of money and credit to avoid inflation and deflation, manage shifting demand for employees by providing relief in periods of unemployment and maintaining continuity in food production. Block (2001) argues that when state policies move in the direction of disembedding by heavily relying on market self-regulation, ordinary people are forced to bear higher costs.

With the end of the Cold War, Block (2001) thinks Polanyi's initial optimism about the post war era seeing the "unsustainability of market liberalism producing economic crises and the re-emergence of authoritarian and aggressive regimes" has been vindicated (Block, 2001: xxxvii). Block (2001) thinks that the alternative is that ordinary people in nations around the globe are able to engage in a common effort to subordinate the economy to democratic politics and rebuild the global economy based on international cooperation. Activists in both the developed and developing countries, argues Block (2001), are carrying out militant protests against the World Trade Organisation, IMF and the World Bank that enforce the rules of neo-liberalism, to try and reconstruct the global financial order. According to Block, this transnational movement is an indication of the continuing "vitality and practicability of Polanyi's vision" (2001: xxxvii).

This view is also supported by Stiglitz when he comments in his foreword in Polanyi's "The Great Transformation" that "We have moved, by and large, to a more balanced position, one that recognises both the power and limitations of the market, and the necessity that governments play a larger role in the economy, though the bounds of that role remain in dispute" (2001: viii). Stiglitz also sees Polanyi as one who exposes what he (Stiglitz) calls "the weak underbelly of the doctrines of the self-regulating markets" (2001: viii).

The neo-liberal discourse also draws lessons from Russia's unprecedented economic decline as well as the steps taken by China in applying a cautious approach to globalisation which stimulated growth. In every respect, the story of Russia is not only grim but attempts to dispel the economic notion that any turn to the market leads to improvement. Burawoy (1999) criticizes Karl Polanyi for taking it for granted, when he looked at the social consequences of the Russian industrial revolution, that market competition was a foundation for the transformation of production, tremendous increases in productivity, the rapid development of new technologies and the elaboration of a new mode of production.

So instead of going through a process of transformation and being protected from the onslaught, people begin to experience a state of involution where they see themselves as retreating from the market (Burawoy, 2001). In the case of Russia, Burawoy (2001) notes that society experienced a "transition without transformation" implying that the market transition which was expected to lead to economic, political and social change instead drove society into "involutionary degeneration". This transition in the opposite direction, sadly, leads to failure of development and subjects the middle and lower classes in societies of developing states to exploitation by capitalism through the destruction of existing systems of production (Burawoy, 2001). This, then, deepens the class conflict or order between the elite and those that are marginalized and dispossessed.

Polanyi, cited in Burawoy (1999) argues, it was assumed that society would produce classes that will represent the general interest to the state and that the state would organize its policies and interventions in accordance with those general interests. Polanyi's logic was that the state would embody the "double movement toward market and social protection" (Burawoy, 1999). This logic, however, compels Burawoy to question whether society can survive against the market if the state does not represent the general interest. With the emergence of a strong market, Burawoy (1999) argues, there was a greater possibility of the state being "captured" by short-sighted classes who would mercilessly advance their own narrow economic interests and once this occurs the executive of the state becomes not the vehicle of social protection but an instrument of market fundamentalism, of a narrow class who own and control the most profitable industries, banks and media channels.

2.2 From Command Economy to Free Market

According to Burawoy (1999), once the executive begins to align their interests with those of the market fundamentalists, the state abrogates its role of protecting labour. The state recedes and watches impassively as jobs disappear accompanied by the plummeting of wages. While failing to stimulate domestic agricultural production and strengthening the manufacturing sector, the state opens the floodgates of cheap foreign food and other products, killing local industries as a consequence.

Whereas it was expected that the state in Russia would protect the fictitious commodities such as labour, land and money by negotiating a compromise between market and society, the self-regulating market was let free to destroy the social order upon which it rested. Burawoy (1999) writes of how in the 1990s, Russia, faced with the commodification of labour, land and money arrived at a fundamentally different solution by taking a headlong retreat from the market to more primitive economic forms. Without paid jobs, workers were denied benefits from the state and while the workplace continued to act as an informal welfare order, working class families looked to outside work to produce the means of their livelihood (Burawoy, 1999).

The process of transition in Russia meant the end of guaranteed employment, as unprofitable enterprises had to close down and others could no longer maintain their bloated labour force (Marnie, 1992). African countries that have decided to transit from command economies to market-type have taken a similar route with millions of workers losing their jobs. The only contrast, however, is that while African countries closed state enterprises without planning for the future of the affected workers, Russia considered the inclusion of a new Employment Act in its economic reform, to set out a provision for the anticipated large increases in unemployment (Marnie, 1992). Whether these provisions were effective is a subject for further research although Marnie (1992) argues that there is no evidence of large scale labour re-allocation in Russia apart from an increase in the discussion of unemployment. However, as has been argued elsewhere, Marnie (1992) explains that the transition from communism to markets in Russia was meant to encourage the rational use of resources including labour.

Although much of the available literature on global transitions focuses on Eastern Europe, there is growing interest among various interest groups towards assessing and evaluating the impact of globalisation on African economies. Africa has been on the receiving end in terms of the negative impacts of globalisation. As Mutethia (2000) observes, no region has suffered during this period of globalisation as Africa. In most cases, African countries are under severe pressure to borrow heavily in order to settle outstanding debts to developed countries. This leaves them with insufficient capital to implement development projects within their countries. Cheru (2001) espouses this view by emphasizing that, from the slave trade in 1650 and continuing under the colonial rule after the Berlin Conference of 1884, the continent had been heavily drawn into the centres of capital accumulation, but always as a subordinate partner whose primary role was to contribute to the development of the metropolitan powers.

Of particular usefulness to this subject is the work of Mamdani (1996) who, in his discourse on colonialism in Africa shows how colonial authorities wanted to extract material and labour resources through passing laws on tax collection and forced labour. Mamdani (1996) argues that while European and American capitalists fought communism at the ideological level, colonial rule kept the peasants in Africa under an economy that was forced and only partly free. This tendency by the imperialists to control the destiny of less developed economies such as those of the African continent is crystallized in the insistence by the developed nations, on developing countries to urgently integrate in the global economy in order to derive benefits while at the same time ensuring that such countries participate on unequal terms. The legacy of colonialism, thus, seems to live on, grounded in the presumption that the developed North is bringing civilization and modernity they (Africans) are in great need of. This presumption that Africa can only develop by copying economic models of the developed countries is a fallacy, far fetched and reminiscent of colonial thinking.

However, critics can only see this sort of rhetoric as one that is merely calculated at self-serving the interests of the former colonisers. Mamdani's (1996) account of the "direct" and "indirect" rule, through which colonial rulers asserted their authority on Africans, clearly tells how local institutions can effectively be used to fragment resistance. Through "decentralized despotism", the colonial authorities were able to exercise their control over Africa while deflecting opposition by appointing native authorities.

Similarly, it can be argued that global capital is using state institutions to impose itself on African economies and perpetuate the extraction of material resources and profits from investment. Further more, by using state institutions, global capital is able to fragment resistance from citizens, particularly labour which feels dispossessed by the imposition of economic reforms and creation of exploitative business empires. In other words, global capital is using the state to create a safe haven for investment at the expense of the welfare of the local people. Mamdani's works on colonialism in Africa, therefore, presents a basis for understanding how capitalism, just like colonialism can be harmful if the Africans do not sufficiently challenge it.

Indeed even before the dawn of the globalisation era, Africa was subjected to an unfair trade relationship with the developed world and the continent still faces major barriers in terms of trade. This means the options open to Africa continue to narrow as the world dictates on the choice of participation in global integration through various conditions. Despite the promises of high standards of living that the process is said to offer, Africa's case has been that of marginalisation and stagnation (Mutethia, 2000). In other words, just like the 19th century globalisation under colonialism, the current stage of globalisation could yet lead to further marginalization of the African countries. For Cheru (2001), African countries can only survive the globalisation onslaught if they summon sufficient muscle among themselves and build coherent strategies which can enable them navigate successfully through this complex process.

Block (2001) points out that Polanyi's arguments remain important and relevant in contemporary debates on globalisation, given that neo-liberals continue to embrace the same utopian vision and have insisted that the integration of the global economy is making national boundaries obsolete and is laying the basis for a new era of global peace. But the one fundamental point Block (2001) raises, based on Polanyi's writing, is the failure by neo-liberals to recognise and appreciate that market liberalism makes demands on ordinary people that are simply not sustainable. Block (2001) adds flesh to this argument when he points to widespread protests occurring around the world where people are resisting the economic disruptions of globalisation. He also writes of the devastating effects of the structural adjustment programmes in many parts of Africa, which have led to the disintegration of societies, famine and civil wars (Block: 2001). Block, thus, concludes "this is how the utopian vision of neo-liberals leads not to peace but to intensified conflict" (2001: xxxv).

However, an impression should not be created that the capitalist world operates like a well oiled machine. Dixon and Heffernan argue that the capitalist system operates in many contradictory ways "to provide an endless supply of dilemmas confronting individuals and institutions" (1991: 17). It, therefore, follows that for social change to take place there must be contestations against the capitalist system. Based on this assumption, Ake (1981) argues that by contrasting the structures of African economies in their colonial and post colonial phases, there emerges an implicit postulation that the achievement of political independence was an essential change that would have a major impact on the future development of Africa. The nationalist petit-bourgeoisie which fought for independence in African states felt that political independence was key to fundamental restructuring of the colonial economy and many agree that "the political hegemony of the colonisers was a critical factor in the underdevelopment of African social formations" (Ake, 1981: 88). However, decades after gaining political independence, African states have clearly failed to register significant and revolutionary changes to their economies. Is Africa capable of launching a second liberation movement, of a new form, to unshackle itself from the economic enslavement imposed by the industrialised North? This question, obviously, can draw both pessimistic and optimistic responses.

Therefore, having looked at development of economic systems in Europe and Africa from the eighteenth century up until now, one sees some analogies between the developments that occurred during the great transformation of European civilisation and the transformation confronting developing countries around the world today. The developments can be summarised as shown in the table below.

Table 1: Stages of transformation

	First Great Transformation	**Counter Movement**	**Second Great Transformation**
North	-First Wave of industrialisation -Market despotism	-Welfare state -Hegemonic regime	-Hollowing out of welfare state -Concession bargaining in the workplace based on collective bargaining
South	-Colonial despotism (Decentralised despotism)	-National liberation	-Structural adjustment programmes

2.3 Globalisation and the Neo-liberal Agenda

Globalisation and neo-liberalism are often confused to mean one thing even though the two carry different meanings. There seems to be a very thin line dividing these two concepts. However, it is globalisation that is widely seen to have brought about wider economic changes in the world. As George (2004) writes, globalisation is seen as a force that unites the countries of the world. Thus writes George, "The word globalisation sounds as though it means an economic system integrating all countries, all classes and all peoples into one harmonious whole – a kind of collective march, hand in hand, towards the Promised Land". However, the process of globalisation is largely seen as having brought about the inequality among the various regions of the world, between the poor and the rich, between the North and South. Globalisation has meant inclusion, in the world economy, of different countries on unequal terms (George, 2004).

In general terms, the process of globalisation has affected the continent of Africa and African countries in several ways, including economically, politically and socially. The effects of globalisation on the continent have manifested themselves in different forms, both positively and negatively. There are those who argue that globalisation has posed more threats on the continent than benefits. The most significant aspects of globalisation have included removal of trade barriers through opening up of national borders, increased economic integration, increased financial flows and rapid technological change. However, globalisation remains a highly controversial subject arising from the diversity of its effects. Webster and Bezuidenhout (2003) aptly describe the advantages of globalisation as being "too distant for too many", while its risks are all too real. Admittedly, global restructuring is delivering modernity to some, while for the majority, the benefits of cross-border flows of capital, knowledge, information and consumer goods remain a dream.

Interesting developments have taken place in various regions of the world as part of globalisation, with post-communist countries dismantling their centrally planned system in preference for the market-led economic models (Burawoy, 1999). However, it is equally interesting and important to note the different approaches used by different countries to respond to challenges of globalisation. Sub-Saharan Africa, in particular the Southern African region, still ranks low in terms of growth in the contemporary world economy. Despite literature underplaying geographical and economic differences among countries in Southern Africa, major variations exist which have forced countries in the region to respond differently to demands of economic restructuring necessitated by the new world economic order. The question, therefore, is how are these countries adjusting to the new world order?

For Africa what holds true, though, is that there has been a clear and visible break with the certainties and expectations of modernization. Indications in some of the countries in the Southern African sub-region point to a situation where there has been increased 'rolling back' of the state, the abandonment of the goal of industrialization, the religious commitment to the market policy and privatization and above all the shattered expectations of modernization (Ferguson, 1999). As Burawoy (1999) notes, the world is today witnessing the unstoppable destruction capitalism is wrecking on post-colonial societies, where such societies face the reverse problem. This is the problem of the withdrawal of the markets from the periphery. Burawoy argues that “so effective was colonialism in incorporating the market that the battle now is to attract investment into the former colonies at any cost rather than defending against market invasion” (1999:19).

Countries like South Africa and Botswana in the Southern African region, with relatively strong economies, have succumbed to global dictates of economic restructuring and have started opening up their economies whereas others such as Zambia underwent rapid liberalisation in an effort to attract investment and boost economic growth. The opening up of national economies to international competition has had profound and contradictory effects on individual countries. However, as many have argued (Burawoy, 2001, Stiglitz, 2002), the economic logic attached to such policies often ignore the longer term social consequences.

It is perhaps from the negative impact of globalisation that some scholars see the process as a continuation of colonialism under a different coat. Ferguson (1999) argues that when the juncture between Africa and the industrialized world that had been presented as a global stairway leading from the developing world to the developed, revealed itself instead as a wall separating the two, it was the Copperbelt (a copper producing province in Zambia) and other similar places - proud examples of just how modern, urban and prosperous an emerging Africa could be - that experienced this boundary fixing process most acutely, as a kind of abjection.

The experience of abjection Ferguson (1999) talks about here is not a matter of merely being excluded from a status to which one had never had claim but of being relegated, expelled or cast-out by what one would term the creation of a new boundary. As Ferguson (1999) asserts, when the workers on the Copperbelt expressed their sense of abjection from an imagined modern world “out there”, they were not merely lamenting a lack of “connection” but articulating a specific experience of “disconnection”. As Webster and Mosoetsa put it, “…disconnection is a relationship in which one side hangs up on the other, without necessarily cutting the links” (2001:33). This, according to Owen Sichone (2000) in Webster and Mosoetsa (2001), has cast the African region back to the “second class status” from which independence had left it.

Thus, when one thinks of Zambia today as being disconnected and excluded in so many ways from the global economy, one sees disconnection as a relation and not the absence of a relation (Ferguson, 1999). Based on this thinking, Dependency theorists, as suggested by Ferguson, usefully distinguish between the state of being undeveloped (an original condition) and a state of being underdeveloped (the historical result of an active process of underdevelopment). Therefore, what can be useful from the Zambian case is that globalisation shows us just how important the concept of disconnection is to a "new world order" that presents itself as a situation of effective connection. Cooper (2001) also suggests that the globalisation fad is an important development for understanding the interconnectedness of different parts of the world and for explaining the mechanisms shaping the movement of capital, people and culture. If we were to agree that globalisation should be seen as a perpetuation of colonialism, then Cooper (2001) is right to suggest that what is missing in the current discussions of globalisation, is the historical depth of interconnections and a focus on just what the structures and limits of connecting mechanisms are.

Cooper's view is that the concept of globalisation should be discussed in the context of it being "a large scale, but not universal, and with the fact of crucial linkages that cut across state borders and line of cultural difference but which nonetheless are based on specific mechanisms within certain boundaries" (Cooper, 2001: 192). Cooper argues that the common conceptions of globalisation are problematic because they thrive on what he terms "totalizing pretensions and their presentist periodisation" (2001: 193).

Therefore, with all the hype about globalisation today, with the new forms of worldwide interconnection and, interestingly, another emerging new world society, it would be useful to consider where Africa fits in all of this. What would the case of Zambia, as presented by Ferguson (1999), of decline and abjection tell about the nature of this new world order? For Ferguson, his account on Zambia illustrates the down side of global capitalism and equally reveals something more fundamental about the mechanisms of "membership, exclusion and abjection upon which the contemporary system of spatialized global inequality depends" (1999:236). I argue that while globalisation thrives on the principle of inclusion, the process has remained tragically limited in terms of distribution of benefits. While some scholars advance the view that the process has brought about widespread prosperity, there is sufficient evidence suggesting that the rich countries have kept their doors closed to exports of underdeveloped nations (Wolf, 2004). As a result, Africa and other developing regions of the world remain reluctant participants to the process.

As noted by Osei-Hwedie (2003), liberal economic policies in Zambia did not spur economic recovery, sustainable development or poverty reduction. Analysts present the view that the country witnessed unprecedented levels of poverty and misery following economic liberalization. Despite the privatization of the mining industry, for instance, production and world copper prices declined and have worsened in the 1990s (Osei-Hwedie, 2003), although in recent years prices have stabilized and in fact assumed an upward trend. According to Osei-Hwedie (2003), privatization of public companies was deliberately mismanaged to allow the leadership in the ruling party to buy the privatized companies cheaply. Questions have also been raised over the handling of funds realized from privatization. The poor handling of the economy in the early 1990s has been attributed to a lack of vision by the ruling party which seems to have been more interested in ousting the government of Kaunda and the unconditional acceptance of the World Bank/IMF economic policy prescription on Zambia (Osei-Hwedie, 2003).

Zimbabwe also presents a clearest example of a country that has experienced the process of disconnection and where vulnerable groups have had to develop various coping strategies in order to survive (Webster and Mosoetsa, 2001). The people of Zimbabwe have not only experienced the negative effects of liberalisation but have undergone involution as the country's economy continues to plummet. The food riots that swept through the country in the year 2000 are a clear testimony of the level of discontent among nationals of the government's social policies which have led to cutbacks in spending on social services and subsidies. This means that people have been thrown back onto their own resources for survival. Webster and Mosoetsa (2001) argue that the lack of access by citizens to basic social services makes a "mockery" of the idea of citizenship where citizens lose their right to income security, education, health and other forms of welfare.

However, despite its inherent advantages and disadvantages, globalisation still remains a crucial process in understanding the fundamental political, social and economic transformations that have taken place at global level. The worldwide demand for democracy, the re-organization of production, the relocation and distribution of industries and consumables across borders and the massive migration of people between countries is a manifestation of globalisation. As Stiglitz writes, “Polanyi saw the market as part of the broader economy, and the broader economy as part of a still broader society” and further more, “Polanyi saw the market economy not as an end itself, but as means to more fundamental ends” (2001: xv). Stiglitz (2001) argues that privatisation, liberalisation and even macro-stabilisation have been treated as objectives of reform, notwithstanding how these have affected the lives of individuals in terms of pushing them into poverty, loss of employment and feeling of powerlessness.

2.4 The Neo-liberal Agenda

The neo-liberal agenda, on the other hand, is an economic doctrine based on open competitive markets where price regimes are to be determined by forces of supply and demand. This doctrine has been promoted in the last twenty years or so and is largely seen as an alternative development framework which can be used to address global high levels of poverty (Williamson, 2004). According to Williamson (2004), the neo-liberal agenda, generally referred to by many scholars as the “Washington Consensus” is a list of policies that he (Williamson) claimed were widely held in Washington to be desirable for development in Latin America during the late 1980s. Further Williamson (2004) asserts that the set of economic policies advocated for developing countries in general official Washington-based international financial institutions better known as (the IFIs) encompassing the World Bank and the IMF, laid heavy emphasis on institutional reforms and some recognition of the social dimension. The IFIs are therefore, generally viewed by critics as agents of the “neo-liberalism” which seek to reduce the role of the state (Williamson, 2004).

Although Williamson (2004) argues that the bulk of the economic evaluations of privatization, which is a strong component of the neo-liberalism agenda, conclude that it has succeeded in two dimensions: in raising efficiency and profitability of the privatized enterprises, and in increasing coverage and access to privatized utilities, studies have shown that privatisation has also led to social deprivation, inequality and loss of jobs (Stiglitz, 2002, Burawoy, 2001, Webster and Bezuidenethout, 2003). This view is, however, also espoused by Williamson who argues that - at least in Latin America, where "Latinobarometro" provides regular and reliable evidence of public attitudes - privatization is intensely and increasingly unpopular (2004:2). In most instances, due to high levels of corruption in many cases, privatisation of state enterprises in liberalising economies in Africa was used as a process of acquiring assets cheaply by the elite in society, particularly politicians, managers of the privatised enterprises and technocrats involved in the privatisation process.

Available evidence suggests that privatisation of national enterprises did prove to be a more complex affair than had been expected. Countries such as Zambia went into privatisation without first creating strong institutions to oversee the process. This rendered the whole programme prone to corruption. Even those enterprises which were off-loaded were found to have been under priced in most cases. This illicit means of acquiring public property attracted public hostility towards privatisation. With the apparent loss of jobs that often accompanies privatisation, it can be safely be concluded that privatisation of state utilities hurts mainly the middle and lower classes. I would, therefore, agree with Williamson (2004) when he argues that as opposed to rapid privatisation, it is more important to do it right if the intentions are to be achieved. Arguably, transition should be a gradual process, consisting of a combination of policies of liberalization and stabilization as well as institution building. It should also be realised that such processes take time and are costly, both in financial and social terms.

Further more, rapid privatisation came to be known in the eyes of many workers as a process that lowered living standards and eroded the worker's social values as evidenced by its effects on social programs. Upon privatisation, some workers are left without any severance packages resulting in a state of disillusionment among workers. This then suggests that privatisation is often implemented without giving priority to the social and economic effects on the workers. George (2004) describes privatisation as a "polite word" for alienation or giveaways, given that the state enterprise that is privatised is the valuable product of years of hard work by thousands of employees. I argue, therefore, that while privatisation was meant to spur competition and improve production, the importance of social and organisation capital (good institutions) was overlooked and resulted in the process being politically unpopular among many people, particularly those who are negatively affected by the consequences.

It is generally held, therefore, that the many social and economic problems Africa is facing today have been largely blamed on the effects of globalisation. However, as Cheru (2001) argues, Africa may not have been adequately prepared to adjust herself to these global changes and to exploit the new opportunities and tackle the challenges presented by the globalisation. This view is espoused by the Southern Africa Development Community (SADC), which argues that experiences in Sub-Saharan Africa point to the inadequacy of existing policy prescriptions to respond sufficiently and effectively to the challenges of poverty and economic development within a globalizing world (SADC Report, 2000). As Cheru observes, the present globalisation, much like the 19th century globalisation under colonialism, could leave the continent permanently scared unless the African leaders and their people are mobilised to manage it successfully to their own advantage (2001). But how can the African people mobilize themselves amid such grave divisions between the rich and the poor? Obviously, the imbalances inherent in the process of globalisation make it practically impossible for the world to derive uniform benefits from the system. Globalisation can, thus, be seen as a process that seeks to justify and legitimize the neo-liberal agenda, create a global free market and the consolidate western capitalism within the world's major economic blocks (George, 2004)

2.5 The Washington Consensus versus the Decent Work Agenda

The desire by states to pursue the neo-liberal agenda as a basis for ensuring the efficient allocation of resources and stimulate economic growth has resulted in what (Aguiar and Herod, 2006) call the exteriorization of economic relationships, which were previously internal to the structure of companies. The state, through the adoption of market deregulation policies, which are central to the Washington Consensus, has undermined the protection of workers and lowered labour standards. The workers feel abandoned by the state as they see flexibility as an affront on the protection of their rights and freedom. However, to speak of abandonment here does not entail being outside of the world capitalist system. As Ferguson argues, “expulsion, abandonment and disconnection occur within capitalism and not outside of it”(1999: 242). Ferguson shows that global capitalism creates social and geographical membership and privilege through maintaining a rule of “absolute non-membership” where a holding tank is maintained for those stopped at the development door or those to be found in a global “second class” (1999: 242).

However, as argued earlier, the fundamental point is that globalisation is not simply a process that links the world into one but one which also differentiates the world by way of creating inequalities alongside building commonalities and communication. In this sense, Africa can be categorized under abjection in the new global dispensation, where development has failed to deliver the promised economic growth and social cultural modernization. Workers have been deprived of their “industrial citizenship rights” through the restructuring of the state regulation covering the workplace and in the false belief that employers will be forced by the market to protect their workers (Aguiar and Herod, 2006). The problem I find here is that countries in the developing world have ‘deregulated’ based on the prescription from the Washington Consensus and not on the individual needs of each country. This point is supported by Stiglitz (2002) who argues that the current problem is that global institutions reflect the mind-sets of those to whom they are accountable. The process has not been implemented in tandem with the needs of individual countries and has more often than not been rushed in terms of implementation, using wrong and inadequate policies or analysis. The criticism Stiglitz (2002) raises exposes the game of politics in the institutions of Washington Consensus (IMF, World Bank and WTO) which has resulted into failure by the institutions to deliver positive results.

Wolf (2004) attempts to justify the necessity of the market model and speaks of the need for good politics as a pre-requisite to efficient resource allocation and management. Wolf thinks markets thrive in countries where policies are implemented in a manner that is credible, predictable, transparent and consistent. However, one wonders what is good about the politics of the Washington Consensus if rich and powerful countries negotiate terms with poor and weak states on uneven terrain and under circumstances which end up exposing developing countries to open themselves up with insufficient safety nets. It is this imbalance in negotiations that has forced most such countries into excessive poverty, misery and set the clock of development in reverse. This also affirms assertions that markets in developing countries opened too fast or rapidly for competition before strong financial institutions were established while jobs were destroyed faster than the new ones were created. This gave rise to increases in unemployment and poverty. A growing number of people who once held permanent jobs are increasingly joining the informal sector in a struggle to survive. As Ferguson(1999) argues, this has led to a process of ‘disconnection’.

Although Wolf (2004) suggests that globalisation has not worked in most developing countries because they have not sufficiently opened up their economies, he does not seem to allude to the existing global inequalities that hinder the full participation of these countries. In fact certain evidence shows that despite considerable opening up of their economies, most developing countries have been by-passed by globalisation. It is difficult, therefore, to specifically attribute the failure by developing countries to fully integrate into the global economy to inadequate commitment to liberalization. It is necessary to consider the weak domestic conditions of infrastructure, skills and institutions and lack of access to markets.

In the absence of strong regulatory framework on labour markets in developing countries, as Webster and Bezuidenhout (2003) suggest, destructive economic fluctuations have characterized the labour market resulting in a reduction in labour standards. Given that governments tend to dismantle regulations upon investors’ demands for flexibility, labour is left vulnerable to the dictates of the powerful multinationals and this has resulted in the removal of the protection previously enjoyed. There has also been an assault on workers collectivism, created by rapid changes in labour legislation and the decline in the ability of unions to organize. Unions have suffered fragmentation and subsequent loss of membership and strength following unilateral changes in labour laws under the guise of allowing workers to exercise their right to freedom of choice.

Controversy also surrounds the on-going debate on why developing countries seem to accord foreign investors huge tax concessions as a way of rendering the country more attractive to foreign investment. This is in addition to promised labour flexibility which entails relaxing norms on workers dismissal, health and safety conditions, social security contributions, unionization and collective bargaining. Other countries will go further and classify certain parts of the country as Export Processing Zones (EPZs) which are characterized by deplorable working conditions and low wages. And as tax changes are effected in developing countries, it is widely noted that the effect of these changes tend to shift away from the wealthy towards the middle and lower classes.

In contrast to what Burawoy (2001) refers to as the ‘administered economy’, which had a strong presence of the state and enhanced worker control over production, the new order has put profits before the welfare of workers. The state has been relegated to a near-spectator the plight of the workers. When workers no longer feel protected by the state, they feel dehumanized and because of the increased threat of dismissals, the level of militancy and unionization among the workers declines. Since, as Burawoy (2001) argues, the state is incapable of defending society and workers against the ‘invading’ market, it watches hopelessly as jobs disappear and real wages decline while those who have worked all their lives cannot be paid their pension. Also of concern is the emergence of different forms of employment such as casualisation, sub-contracting, temporary employment and the growth of the informal sector.

The result of transformation and dismantling of state regulations in transitional economies has been the subjection of workers to immiseration and exposure to abuse by employers. Stating the argument more explicitly, Gill (1997) argues that attempts to destroy and weaken independent labour unions, which are the only institutions left to protect workers, and to push for minimum wages tend to be more appealing to industries threatened by cheap imports through liberalized trade. This leads to a pervasive sense of the social and economic insecurity, widespread among middle and lower classes. According to the International Labour Organisation, it is currently believed that the rights of capital are better protected than the rights of workers (ILO Report: 2004). For the ILO, fair rules for trade, capital and greater access to markets are needed to provide more space for developing countries. Further, the ILO suggests that there should exist basic social protection, respect for core labour standards and adequate adjustment assistance for workers in all countries to provide more security to individuals, families and communities.

Competition between locally produced goods against cheaper imported products has also had a profound effect on employment levels. The removal of protection of local industries by states in developing countries has opened up such industries to stiff competition from usually subsidized imported goods from the developed nations. There exists a stark picture of thousands of workers in Africa who are losing jobs due to closure of firms that cannot put up with competition with imported cheaper goods. As local companies struggle to survive, there is a frantic ‘race to the bottom’ in terms of wages and working conditions. For instance the proliferation of cheap sweat shop imports has had a crippling effect on the textile industries in the Southern African region.

2.6 Liberalisation and the Role of the State

Although advocates of the neo-liberal agenda speak so romantically about policies of privatization, deregulation, free trade and the minimalist role of the state, they conveniently avoid discussing how globalisation has also led to the withering of state sovereignty in developing countries. Before the on-set of globalisation and liberalization, the state was seen as a protector of the domestic economy against external forces.

As George explains, “contemporary social life is associated with the modern state, which specifies the proper form of nearly all types of human activity. The state appears to be the omnipresent, regulating the conditions of life from birth registration to death certification. From the policing of every day activities to the provision of education and promotion of health care, the steady expansion of state power appears beyond question” (2004: 9). However, this state autonomy faces a severe threat and has substantially reduced following the end of the Cold War and the disintegration of the socialist regimes (Mittelman, 1997).

In analyzing the theory of the state as a way of understanding the role the state is playing in the construction of a global capitalism, Mittelman (1997) asserts that the world is today witnessing how global capitalism has escaped the state and is now operating beyond the state’s control. Held in (Mittelman, 1997) perhaps provides a distinct explanation of globalisation when he sums up the process as a new order involving the emergence of global economic system which, among other developments, stretches beyond the control of the state, including the dominant states. Held argues that there has been an expansion of networks of transitional linkages and communications over which particular states have little influence.

With the re-definition of the role of the state under the Washington Consensus, the state is now largely seen as a transmission belt between national and international interests and in most cases this transmission is lopsided with the national being on the receiving end. Supporting this point, George (2004) argues that economic globalisation is leading to the “denationalisation” of economies through the establishment of trans-national networks of production, trade and finance. This means that with the removal of barriers, national governments have merely assumed the role of being agents of global market forces and the decline in state authority is clearly evident in the states’ failure to protect citizens from the invisible hand of market forces. Decisions on labour matters which were previously managed through established state structures, such as tripartite structures, are now the preserve of the state. Such structures have been relegated to being mere talking shops.

2.7 Inequality and Social Involution

As shown earlier, since the 1980s, the Southern African region has seen increasing poverty levels and growing inequalities. Although it is problematic to link the falling standard of living directly to the process of globalisation, there is evidence showing that the world poor have become poorer in the last 25 years or so, the same period the new era of globalisation has been so pronounced. Cheru (2001) argues that over recent decades, growth of per capita income in low income countries has contributed to changes in world inequality and poverty and suggests, therefore, that the most important effects of globalisation could be on the economic growth rates of those countries.

Critics of globalisation, however, see it as a process that has impacted negatively on many third world economies in many aspects. Henriot (1998) writes that while globalisation has increased opportunities for economic growth in developed countries, developing countries particularly Africa have witnessed growing disparities and inequalities in economic and social areas. The severe economic reforms that have constrained economic growth in most African countries and other developing parts of the world, says Henriot (1998), can largely be blamed on globalisation. The implementation of Structural Adjustment Programmes (SAPs) by most African countries has led to sky-rocketing prices of basic needs, goods and services and to massive retrenchments of formal employment labour force.

As argued elsewhere, there are huge social costs to unemployment such as anxiety among workers who have managed to keep their jobs, additional financial burden on family members who manage to remain employed and the withdrawal of children from school to support the family. Stiglitz (2002) explains that these kinds of social consequences of unemployment endure long past the immediate loss of a job. More often, the practice of dismissing workers seems common when a firm is sold to foreign investors whose greater obligation is to the shareholders who would want to maximize stock market value by reducing costs. Domestic firms, on the other hand, being attuned to the social context may be reluctant to fire workers if they know there are no alternative jobs available.

Perhaps a unique feature of the current process of globalisation, as Khor (2001) notes, is the globalisation of policy-making mechanisms. Policies on economic, social, cultural and technical issues which previously were a preserve of nation states have increasingly come under the influence of international agencies and processes of big business and economic players. This has technically meant the erosion of state sovereignty and skewed the ability of governments and citizens to make choices from options in economic, social and cultural policies. According to Khor (2001), the inability of the developing countries to maintain their national policy making capacity can largely be attributed to the increased levels of economic liberalization and developments in technology. This includes the free flow of international capital and the control and influence exerted by trans-nationals and financial institutions on resources.

2.8 Benefits of Globalisation

However, without having to sound very negative of globalisation as an integrating process, it is important to highlight the positive side of the system. Proponents of globalisation will argue that the greatest challenge facing the global economy today is the fight against poverty. As far as economic analysts are concerned, global poverty can be effectively fought through a sustained system of economic growth. Arguably, economic growth can flourish in an environment where good policies are in place and this can only be ensured through a consisted policy framework which is firmly integrated in the global economic system. Developing nations can, therefore, benefit from this integration through capital flows from developed countries. Fischer (2003) argues that in terms of their daily lives, people in developing countries today are more likely than 50 years ago to "consume the products of another country, to invest in another country, to earn income from other countries, to talk on the telephone to people in other countries, to visit other countries, to know that they are being affected by economic development in other countries and to know of other development in other countries". Therefore it is held that increased global economic integration promotes competition, thereby affording the benefit of choice to consumers.

Those who argue for globalisation, hold that through the removal of barriers of all kinds, globalisation helps in the transfer, through free flow of knowledge, capital, services and goods across borders. Proponents see the process as one that is capable of increasing wealth for countries of the world through the sharing of knowledge, technology and best practices across geographical boundaries. This attempt to reduce world poverty can be seen in the light of technology helping to bring people more into the mainstream of the economy and as a result help companies expand and grow their markets. In fact, it is argued that developing countries could benefit more from the process as they are able to use advanced technology to develop their industries and ultimately their economies.

Chapter Three

Methodology

3.0 Introduction

Given that this study was aimed at understanding the longer-term social consequences of economic restructuring, the research question could only be adequately answered using a combination of research methods. The research for this study was conducted between 2005 and 2006.

In order to understand the diversity of approaches to economic restructuring, it was decided to conduct country case studies of Namibia, Lesotho, Swaziland, Zambia and Botswana. Because of Zambia's particular approach - that of "shock treatment" liberalisation – it was decided to do a more in-depth study of this country. Throughout, a key concern is the impact of restructuring on the commoditisation of labour – hence the focus on labour markets and unemployment. For the overview of the five countries, the study draws on a combination of interviews and available data. For the case of Zambia, the study draws on a range of interviews with policy actors and experts, as well as available data. In order to assess the longer-term social consequences of restructuring through an in-depth study of a privatised water utility, interviews were conducted with managers, trade union officials and workers who had worked in the utility when it was still publicly owned and who are now in the privatised entity.

Given the diversity and nature of data required, the research required a systematic approach, using different methods of data collection. However, it was found necessary to use a combination of both quantitative and qualitative methods, although it was the latter was considered more important for this study. The method of using different strategies to collect and compare data is called triangulation by some researchers. Qualitative research attempts to study human action from the insider's perspective and the goal is defined as describing and understanding rather than explaining and predicting human behaviour (Babbie and Mouton, 1998).

It has been shown by social scientists such as Franklin Giddings (1855-1931) and Samuel Stouffer (1900–1960) who were considered champions of the quantitative paradigm at Columbia University in 1930s and 1940s, that there was a close link between quantification and use of statistics and they both advocated a strong rational for statistics (Babbie and Mouton, 1998).

The qualitative paradigm on the other hand, is where research takes its departure point (Babbie, et al 1998: 53) as "the insider perspective on social action". This means qualitative studies will always attempt to study human action from the insiders' perspective, the goal of which is to describe and understand rather than explain and predict human behaviour. It is true, however, that quantitative techniques can draw on some of the "stock-in-trade" of what is normally referred to as qualitative methods and the opposite is also true (Payne and Payne, 2004: 184). However, practically, Hall et al. (1996) point to difficulties by researchers in gaining access to situations and to other sources of data in the kinds of areas where they may have interest.

It was evident from the very outset that in order for this research to secure the required data and information on impacts, the research required to sample the different levels of personal experiences, aspirations and responses which are suited to a qualitative approach. It is also clear that issues that may trouble labour (workers) or employers may not necessarily trouble policy makers. For instance through a quantitative method (survey), a study can provide data on whether workers have been able to change jobs as a response to restructuring but in-depth interviews can explore how this change affects workers and their families.

An essential characteristic of scientific research, writes Barker (1994), is that it is interactive. The method one chooses to carry out a research project is driven, to a large extent, by the questions posed and the problems that intrigue the researcher (Baker 1994). Among social sciences, (Singleton et al, 1988), there are four primary research strategies for understanding the world: experiments, surveys, field research and the use of available data. Accordingly, a particular discipline will favour a particular strategy in conducting their social research.

In this particular research, it was important to capture the complex social lives of individuals through detailed interviews, a thing that cannot easily be done through surveys. More importantly, I anticipated that I would be dealing with particularly complex employment relations and that exploration of such issues requires a qualitative approach. Use of this method was aimed at providing an in-depth understanding of the emotional feelings of workers who were affected by restructuring.

3.1 Research Techniques

The research process is made up of a series of steps, techniques, exercises as well as events that can be applied to every sphere of life (Singleton. et al, 1988). Data collection, as explained earlier, can take different forms. Methods such as interviews, case studies, participant observation and others all form part of the data collection process.

Being an investigative study, semi-structured interviews and detailed interviews were used as the main components of this research. However, other methods complemented the collection of data. Each strategy of data collection has its own strengths and weaknesses (Singleton, et al, 1988) that make a researcher favour one method over the other in different situations. However, as these authors argue, it is advisable to study a given problem with a variety of methods so that the weakness of a particular method can be supplemented by another.

In studying the impact of restructuring on labour, I prepared both semi-structured interviews and structured questionnaires for purposes of extracting written information from various respondents. A case study on one of the privatized local water utility companies in the Copperbelt region of Zambia, Nkana Water and Sewerage Company, provided valuable insights into the feelings of workers who previously worked under a public enterprise but which haw been privatized. I anticipated that being an essential service provider, it would not be possible to access as many workers as expected for personal interviews and this demanded that alternative plans for soliciting data through structured questionnaires be considered, given the limited time available to conduct this research.

In social research, certain factors necessitate studying a sample rather than the whole population (Nkata, 1993) and these factors can be influenced by time, budgetary and logistical constraints. Here a set can be described as a small but representative part of a whole. The choice of Zambia (economic and political differences notwithstanding) as a country and Nkana Water and Sewerage represent units of analysis at regional level and industry level, respectively. As Nkata (1993) suggests, research budgets and logistical constraints can be reduced when a study is based on a sample than when it is based on all elements of a phenomenon.

3.2 Interviews and questionnaires

As indicated above, for this research, a structured questionnaire was designed and administered among the employees of the water utility company while a semi-structured interview schedule was made for interviews with other sources who included employers, trade unionists and others. The purpose of the interviews was to collect detailed information about the changes that had taken place both at industry level and at the level of workers. In selecting respondents at the Water Company, the criteria were to target workers who had served both under the firm as a public utility and now as a private entity. It was believed that such people were better placed to provide the kind of experience this research needed to draw on in order to ground its theory. Interviews were conducted with the company management and union officials, an association of former miners and the Mineworkers Union of Zamia.

As suggested by Payne and Payne (2004) interviews with workers are an important instrument of data collection through face to face settings using a question and answer format. As for the research conducted in the five countries in the regional, it was inevitable to use unstructured interviews by applying the snowball method to collect data from respondents. This was largely because of the difficulties experienced in securing appointments for interviews prior to embarking on the research. The interviews mainly targeted government leaders, trade unionists and officials from chambers of industry and commerce.

The direction of the interviews largely depended on who was being interviewed and indeed what the interview was about. As argued by Payne and Payne (2004), there are survey interviews, where information is collected from large numbers of people and in-depth interviews which mainly targeted at a smaller number of people. As for in-depth interviews, which is now commonly applied in sociological research, there are semi-structured (or focused) interviews based on usually a few open-ended questions and the unstructured (non-directive) interview normally aimed at drawing out the experiences, opinions and feelings from the respondents (Payne and Payne, 2004).

As pointed out by Singleton et al (1988) field research is intrinsically a matter of immersing oneself in a naturally occurring (rather than a staged) set of events where the researcher wants to collect first hand knowledge of the situation. It is important, therefore, that the researcher tries as much as possible to understand the world through the lens of his or her subjects and to collect information without necessarily unduly influencing its shape and content. The information generated from these interviews and questionnaires was exceptionally useful in assisting me understand the economic and social situation under which the workers were adjusting to a changed work environment. The interviews conducted in different countries of the region, also provided detailed structural information and how the region was responding to the process of international economic restructuring or globalisation. Government leaders and trade unionists both catalogued the challenges they were facing the in the light of the economic restructuring necessitated by the global economic influence.

3.3 Case Study

The case study approach in research is usually an examination of one unit. Nkata (1993) argues that the degree to which findings are to be generalized is often a deciding factor on which approach to opt for. This is because a study of relatively more units, though costly, is much more useful in producing reliable generalization than would be the case with one unit. The single unit faces the danger of being exceptional than representative of a category of phenomenon (Nkata, 1993). However, I argue that a detailed research of a single unit can also be useful in building a comprehensive impression of an existing situation. Therefore, the case study of the water utility company in Zambia, to asses the impact of restructuring on workers and their households was useful in producing results that were representative of other privatised companies.

For this research, my target was to conduct twenty detailed interviews with workers at the water company using both personal interviews and self administered questionnaires. As stated earlier, structured questionnaires were distributed to twenty employees of the water utility company. These questionnaires were handed out to workers who had served in both the pre- and post-privatisation eras. Out of the twenty questionnaires given out, there were nine responses while eleven of the potential respondents did not respond to the questionnaires. In addition there were five face to face interviews conducted with workers and one with a retrenched employee. The aim of these questionnaires and interviews was to establish the possible social consequences of the restructuring and to consider how households have responded to the shock of the decline in formal-sector employment.

Although it was initially thought that personal interviews were the best approach of obtaining the required data from workers on the impact of restructuring at the workplace, this approach later proved difficult to pursue. While this approach worked well with union officials and management, it proved problematic when it came to approaching individual workers. This approach proved problematic for two reasons. Firstly, workers were uncomfortable and extremely reluctant to be interviewed for a number of reasons but all of which centred on the fear of victimisation. This was despite assurances from the researcher and union officials that this research was an independent study specifically meant for academic purposes. Despite assurances that protection would be provided by the non disclosure of the respondent's names, the workers still remained apprehensive.

Secondly, given the essential nature of service provided by the company, it was almost impossible to keep an employee off the job for close to forty-five minutes. Some of the workers were field workers, meaning that they spent most their time attending to client complaints for the larger part of the day. It was, therefore, difficult to access such workers for in-depth interviews. However, through the assistance of the union leadership, I managed to get at least five employees to talk to, although the number fell far short of the anticipated number of respondents.

This therefore demanded a change in strategy. Instead of meeting workers at an individual level, detailed questionnaires were given out to twenty employees while continuing with efforts of securing face to face interviews. It is also imperative to reiterate that the interviews conducted through questionnaires and face to face approach during the case study are in addition to the other interviews that were conducted with various respondents in Lesotho, Botswana, Namibia, Swaziland and Zambia, during the exploratory study as well as those conducted with union officials at the Mineworkers Union of Zambia, the Association for the Welfare of Former Miners in Zambia and an academic at the University of the Witwatersrand. .

3.4 Available Data

A range of printed resources acquired during this research also proved useful in enhancing my knowledge and understanding of issues within the context of the subject under research. Obviously, it was important that I avoid duplicating data collection by looking at what had already been collected through other research activities. The search for secondary data was conducted by accessing, among others, daily newspapers reports, journals, internet articles, library sources, official records, public documents, other researched articles, books and dissertations. These documents help in generating new knowledge, new approaches as well as valuable new findings (Baker, 1994) by bringing to the fore a number of facts and figures. As Baker explains, many social research projects can equally rely on data previously collected for other topics. Written records proved particularly useful when collecting data from the region as this provided country data which deepened my understanding of specific issues of interest related to the this research. This was in view of the time constraint that this research faced given the limited period of stay in each country of the four of the five countries visited, apart from Zambia which is the researcher's permanent home of residence. However, the variety and diversity of data collected from written documents was overwhelming.

In demonstrating how important written records are in social research, Singleton et al (1988) allude to Emile Durkheim, one of the earliest sociologists to make use of official records – in this case "death records" – in a classic study on suicide (1951). In this study, Durkheim used statistics on suicide rates obtained from official publications in several European countries and related them to such variables as religion, season of the year, gender and marital status. According to Singleton Jr. et al (1988), Durkheim ultimately arrived at "his influential theory" that a lack of social integration contributed to suicides while rejecting several hypotheses popular at that time which claimed that suicide was as a result of "mental illness and the rate of suicide increased with temperature" (1988: 327).

In order to get an overall impression of the impact of rapid economic restructuring on the labour market, the research drew on data from existing records on labour market statistics in the various countries, including Zambia. Statistics analyzing employment trends in these countries were obtained from Central Bank records and from the national Central Statistics Offices. In the case of Zambia, The Ministry of Labour and the Central Statistical Office (CSO) in Lusaka were key to providing data on employment trends, investment and privatisation issues.

3.5 Data Analysis

As shown earlier, this research applied both qualitative and quantitative. This means the findings contained in the study are based on the analysis of data from both methods. Qualitative data analysis was quite challenging but went on well in this research. The researcher was the sole instrument in both collection of data and processing of this data. Generally, efforts were made to ensure that broader, contextual issues that seem to influence the phenomenon under study were given appropriate recognition in the development of the theory. This was done by recognising, acknowledging and accounting for such contextual issues.

The process of analysis was, thus, guided by the research question. Here, the method of grounded theory (Baggie and Mouton, 1998) was applied where researchers are allowed to study a relatively unknown social phenomenon around which no specified theory may exist. Through data collection and analysis, a theory emerged which speaks to the phenomenon being studied. It is, however, important to bear in mind that hypotheses are not handled through statistical analysis only but include numerical analysis (Nkhata, 1993). In other words, Nkhata suggests that qualitative analysis, the making of inferences is purely logical – with no calculations involved.

3.6 Limitations of the Research

The most obvious limitation in this research was that of time constraint. Particularly, at the regional level, the time factor was problematic as only two days were allocated for research activities in all the countries except for Zambia. There were also difficulties encountered in communicating with the possible sources of information. The researcher resorted to the snowball method of making contact with sources. This had a limiting factor on the amount of data collected as the time allocated for interviews, in places were no initial arrangements were made, was shorter than those were the researcher was being expected.

In the case of Zambia, arranged interviews with policy makers ran into a hitch as the research was being conducted at a time the country was gearing itself towards tripartite elections. Cabinet had just been dissolved and all policy makers were out carrying out their election campaigns. Top senior civil servants who were left to oversee the running of government ministries were also out accompanying the state president on campaign meetings. The other limiting factor is that the case study focused on one of the many water companies in the country that have so far been privatised. Therefore, being a study of only one firm makes its difficult to derive maximum benefits in terms of coverage, which can only be achieved by conducting a nationwide or large scale study at a huge cost and which requires more time than was available for this research. Close to this limitation is the fact that the researcher was the only instrument in data collection through interviews, as opposed to instances were research assistants are recruited to conduct interviews.

Conversely, it can be argued that this limitation on the scope does not deprive the research of the depth or intensity gained from the case study research. However, it is important that further research is carried out to ascertain whether the findings of this research can be valid generally.

Chapter Four

4.0 Divergent paths of colonialism, liberation and liberalisation in Southern Africa

In order to understand the current process of globalisation, it is necessary to locate the present developments taking place in Africa in general and Southern Africa in particular, into the historical developments that have characterised the African continent over centuries. The process of capitalist development in Africa is not a new phenomenon. It dates back to the days of slavery when imperialist powers started the division of Africa to further their imperialistic ends. Africa has also, for centuries, served as a source for raw materials used in the industrialisation processes of the developed countries. It is also important to note that colonialism in Africa played a role in the emergence of inequalities in society through the expropriation of land and commodification of labour. Although there are similarities in the way colonialists asserted their rule on the African continent, there are distinct divergences in the way this process was carried out and the impacts on society in individual countries.

However, a common feature is that all the regions of the continent have experienced some form of transformation from what they previously were. According to Ake (1981), those who do not have the means of production only have their labour power to fall back on. Therefore, the basic relation of production in capitalist society is the relation between the few who own the means of production and many who do not own such means except for their labour power. As Ake (1981) points out, “this is a relation of gross inequality, of subordination and domination, of exploitation and antagonism” (1981:14).

Therefore, the colonial state has been reinforced in the post colonial era in that the indigenous bourgeoisie which took over government at independence lacked a secure material base and used political power for accumulation (Ake, 1981). Just like the colonial era, workers in post-colonial capitalism are stripped of their independent means of subsistence and are left with only their labour power to sell to capitalists. As the state retreats from its role of providing universal social welfare, society begins to see more of people's survival and livelihoods being threatened. Whether current efforts to deglobalise and decommodify can succeed, is beyond the scope of this research paper.

According to Webster, due to increased competition there has emerged multiple trajectories in the changing employment relations where some people in society are "earning a living" through paid regular employment while others are "making a living" through creating their own means of survival in unpaid activities (2005: 65). Webster suggests that while at a broad level, the "imperatives of an increasingly global system of accumulation are profoundly changing employment relations, there is no unilinear response to liberalisation" (2005: 65). Drawing on Polanyi's study of the disruptive social effects of rapid marketisation and the counter-movement principle, Webster (2005) suggests that as the pendulum swings towards the "commodification of labour", it provokes strong counter-movements demanding protection.

While Western capital appears to encourage and propagate the ideology of development in Africa, it is clear that the industrialised countries also perpetuate the existence of exploitative ties between Africa and Western economies. It is also clear that countries in Southern Africa, like any other developing region in the world, have sought divergent paths to development since attaining independence. Some have achieved some measure of success in broadening access to education and health services and raising the average standards of living while others have recorded economic decline. Botswana provides the clearest example of a country in the region which has, for long, maintained a consistent growth economy with regular budgetary surplus (Dixon and Heffernan, 1991).

Globalisation in Southern African region has obviously created changes in patterns of trade, investment, technological advancements and has allowed the free movement of people and goods. The question, however, is whether such benefits and changes have impacted positively on the people of the region? Can the region claim any gains from the outcomes of globalisation? If not, what measures can be taken to make the process beneficial to the region? The study will now focus on the specific national situations of individual countries and how they are participating in the process of economic liberalisation. I now explore the divergences of economic liberalisation by the five countries in the region.

4.1 NAMIBIA

Growth, Investment and Employment

Namibia has enjoyed a generally stable economy since independence in 1990. Despite a stable economic environment, the country has experienced a decline in economic growth from five per cent during the 1991 -1995 period to around 3.5 during the 1996-2003 period. This economic growth rate remains positive compared to the pre-independence era when the country's real Gross Domestic Product growth recorded slightly over one per cent (Gaomab II, 2005).

Before independence, the colonialists used cheap Namibian labour in production. This practice seems to have continued in the post independence era, where human labour is seen as, what Polanyi calls, a 'fictitious commodity'. Overly, capitalist relations of production particularly in Namibia's mining sector are highly exploitative and oligopolistic (Dixon and Heffernan, 1991). The sector is dominated by large corporations with common policies regarding employment conditions, labour relations and negotiations with the state. As Dixon and Heffernan (1991) write, the severe exploitation of labour and other illegitimate practices have contributed to huge profits earned for mine owners in South Africa and other Western parent corporations.

Namibia's transition from an economy with strong social policies towards an open economy is part of a broader process for the integration of the national economy into the global economy. The exploitation of Namibian workers in the mining and textile sectors, including those in the Export Processing Zones (EPZs) is illustrative of Polany's argument on the re-commodification of labour. According to Polanyi cited by Block, "it is wrong to treat nature and human beings as objects whose price will be determined entirely by the market. Such a concept violates the principles of that have governed societies for centuries, where nature and human life have always been recognised as having a sacred dimension" (2001: xxv). This is illustrated by the case of Ramatex below.

Labour Relations and Employment

As stated earlier, Namibia's economy is heavily dependent on its primary and tertiary sectors of the economy. In 1990, the Namibian labour force stood at 500 000, with the tertiary sector accounting for about 185 000 formal sector workers (Africafiles, 1993). By 2000, the agricultural sector employed about 123 297 people while 47 517 jobs were recorded in the community, social and personal services sector and 39 850 in the wholesale and retail sector. The country, like others in the region has suffered from the impact of the severe drought which has forced a fall in beef prices resulting in some farm workers being declared redundant, following the closure of some meat factories.

Table 2: Estimated Employment Figures and Unionisation Rates in Namibia

SECTOR	**APPOROXIMATE NUMBER OF EMPOLYEES**	**ESTIMATED UNIONISTION RATE (signed-up members)[1]**
Agriculture	29 200	9 000 (31%)
Manufacturing, Building and Construction	28 900	10 500 (36%)
Mining and Energy	4 800	4 000 (83%)
Food, Fishing, Wholesale, Retail and Hospitality	34 000	22 000 (65%)
Textile	9 000	6 000 (67%)
Public Service, Parastatals and Municipalities (excluding army, police and teachers)	80 000	60 000 (75%)
Teachers	15 000	12 000 (80%)
Domestic Work (private households)	17 900	3 500 (20%)
Banking, Insurance, Real Estate and Business Services	24 000	4 500 (19%)
Transport, communication and Security	12 000	3 000 (25%)
Other	22 700	6 000 (26%)
TOTAL	**277 500**	**140 700 (50,7%)**

[1] Signed-up membership refers to the number of workers who applied for union membership and received their membership cards. The number of paid-up members (those whose membership fees are received by unions on a monthly basis) is likely to be about 20% lower than the signed-up membership.

***Source:* Labour Resource and Research Institute (2004)**

As can be noted from the table, the public service and the food industry together with the manufacturing sector have dominated in terms of employment. It is also clear that the level of unionisation tends to be higher in the public sector than the other sectors. This is illustrated in the banking, insurance and real estate sector which employees about 24 000 but only 4500 are unionised, representing only 19 per cent.

Though relatively small, the trade union movement in Namibia is focused on developing its capacity in order to represent its members better. The Namibian Labour Act was enacted in November 1992, repealing previous existing laws and this signified a dramatic gain for Namibian workers. Essentially, the new Act provides a framework for regulating labour relations which encourages collective bargaining between employers and trade unions. Among other things, it provides for the right to strike in certain circumstances, for access to employer premises for the purpose of trade union organization and for means by which to redress what are commonly considered to be unfair labour practices. "In essence, the new Act provides a framework for regulating labour relations which encourages collective bargaining between employers and trade unions." (Africafile,1993: 30). But this Act is seen as weighing heavily against employers and this has prompted government to apply to the Ministry of Labour authorities for exemptions in the implementation of certain provisions of the Act.

The Act also provides for the establishment of the Tripartite Labour Advisory Council and the setting up of wage commissions to determine minimum wages in various sectors. More importantly, a formal collective bargaining framework was established through the Act. However, following identification weak points in the Act by social partners (unions, government and employers), it was agreed in 2004 that a new Labour Bill be introduced to address the various contentious issues, although the unions are not comfortable with some of the provisions in the proposed Bill.

Investment

The government in Namibia sees the flow of foreign investment as one that can stimulate growth in the country. The Namibian government has been attracting foreign investment into the country in order to create jobs and reduce poverty levels. Through policies of deregulation and liberalisation, the economic environment in Namibia has changed and has seen the introduction of Export Processing Zones (EPZ)s, among other developments. Through the establishment of EPZs, the government hoped to attract foreign investment in the country to boost up the manufacturing sector and ultimately increase the country's export base. After passing the EPZ Act in 1995, it was hoped that 25 000 jobs would be created in Namibia just before the year 2000.

Although a large part of foreign investment has gone into the mining sector, other sectors such as manufacturing have also seen investment flowing in through the establishment of textile industries. But this investment has come at a huge cost to the workers of Namibia. This study found that there were numerous complaints raised by union leaders in the manner their members were being treated by managements of foreign companies. Despite the assurances by investors about the benefits their investment were bringing into Namibia, it was found that there was a high level of abuse of workers' right in some of the foreign companies. One such textile firm is Ramatex, whose case is presented below.

The Case of Ramatex

One of the biggest investments under the Namibian EPZs programme is the establishment of a textile company called Ramatex, a Malaysian company which opened its operations in 2002. Since its inception, Ramatex has been at the centre of industrial controversy in Namibia due to the high number of worker abuses that have been recorded at the company. With an initial work force of between 6000 and 6700 at the time of starting its operations, which has now reduced to somewhere around 5000, Ramatex has grossly abused workers with the full knowledge of government authorities. There have been numerous reports ranging from discrimination during recruitment, physical and verbal abuse, unfair labour practices and exposure of workers to hazardous conditions in addition to slave wages paid to workers. Despite numerous meetings and representation made by the Namibian Food and Allied Workers Union (NAFAU), which organises Ramatex workers, little or nothing has been done to redress the situation. In fact, it was reported that union officials were often reprimanded by government officials and other political leaders for “threatening the existence of Ramatex” in Namibia.

This, clearly, demonstrates signs of a weak state in Namibia, which has failed to mitigate the harsh effects of the market (Block, 2001). The special status accorded to Ramatex by government certainly allows management of Ramatex to enjoy special protection from authorities on grounds that the company was creating employment for Namibians. Besides, there is evidence that Ramatex has enjoyed a special and exclusive set of incentives offered by the Namibian government for choosing to invest in that country. The Namibian government provided N$100 million of Namibian public funds to the Ramatex by way of setting up infrastructure for the company. Whereas, the Namibian citizens where highly expectant for jobs from the new company, it was revealed that Ramatex was bringing in hundreds of unskilled and semi-skilled workers from Bangladesh, who were dubiously brought into the country by agents of Ramatex. Such workers, however, are said to have had a rude shock when they were sent back to Bangladesh by Ramatex for being ‘incompetent’. This was after some of them had sold off all they had, back in their home country, in anticipation for a better living in Namibia. The National Union of Namibian Workers (NUNW) also questioned the government’s wisdom in granting hundreds of work permits to workers from Bangladesh to perform jobs that could adequately be performed by Namibians.

A visit to Ramatex textile complex along Katutura road in Windhoek revealed scores of Namibians milling around the textile complex’s front gate in search of jobs. Desperation for employment and naked abuse of Namibian workers’ rights at Ramatex are still serious issues to contend with. As Herbert Jauch of the Labour Resource and Research Institute (LaRRI) in Namibia, observes in ‘The Namibian Worker’ (October, 2004), “protected by the blind faith that globalisation and foreign investment will solve their development problems, host countries soon realize that such international corporations only contribute to driving down labour and environment standards. Ramatex is said to have polluted water in nearby streams with its toxic waste from the factory. This, as argued by Silver (2003), shows clearly how states have traded their sovereignty and the citizen’s rights for foreign investment.

According to LaRRI, the case of Ramatex also presents a stark example of how the process of globalisation can pit African countries against each other as they compete for foreign investment. Namibia had to offer incredible concessions to Ramatex in order to clinch the US$167 million deal, ‘beating’ South Africa and Madagascar who were also being considered as possible investment destinations.

Several meetings held with trade union leaders in Windhoek and Swakopmund revealed that there were many trade union and worker rights abuses taking place in many of the companies situated in the various EPZs in Namibia and employing over 12 000 people. Union activities are restricted, under Namibian laws, in such areas for the first four years of a company’s establishment. This contrasts sharply with the promise of quality jobs by multinational corporations.

While workers at Ramatex had initially hoped for better working conditions from the investment, the coming of Ramatex has failed to lead to the expected economic and social changes. As Burawoy (1999) argues, the state appears to be aligning its interests with those of the market fundamentalists and has, thus, abrogated its role of protecting labour. While failing to stimulate domestic investment, the state has opened the floodgates to exploitative foreign investment which has been left free to destroy the social order (Burawoy, 1999). This view is also supported by the argument by Block (2001), who asserts that the neo-liberals continue to embrace the same utopian vision and have failed to appreciate the enormous pressures and demands that market liberalism puts on ordinary people. The industrial conflicts that have characterised labour relations at Ramatex are reflective of Block’s view that the utopian vision of neo-liberalism leads to intensified conflict which has contributed to the marginalisation of the workers.

Perhaps, the continuing decline of the power of the working class signifies the absence of the necessary institutional framework through which the state can control the market. As Block (2001) argues, markets can only work efficiently and dynamically in the presence of the necessary institutional framework. In this sense, the centrality of the state in any market economy becomes one of particular importance (Burawoy, 2001). When state policies move in the direction of disembedding by heavily relying on market self-regulation, ordinary people, including the working class, are forced to bear higher costs (Block, 2001).

4.2 SWAZILAND

Economically, Swaziland is highly dependent on the agricultural sector, with sugar as the country's leading export. The country is classified as a middle income developing country. Other industries include the pulp and lumber industry based on the country's cultivated forests, the pineapple and other citrus fruits industry as well as cotton which all contribute to the country's export base. In recent years, a chain of textile industries has been established in the Matsapa area near Manzini. Most of these industries were attracted to invest in Swaziland with the help of the Swaziland Industrial Development Company (SIDC) and the Swaziland Investment Promotion Authority (SIPA). Swaziland has for many years served as a labour reservoir for South Africa and up to some stage, its economic life was virtually under the control South Africa (Dixon and Heffernan, 1991).

Swaziland, like Lesotho, exemplifies the most extreme forms of neo-colonial independence within the region, which have heavily depended on South African capital in spheres such as mining, manufacturing, hotel and tourism (Dixon and Heffernan, 1991). Similar to the phases of dynamic processes in the post-communist market transition Polanyi speaks of in Burawoy (2001), Swaziland has undergone and continues to undergo post-independence transition from a socialist-based economy to a market led economy. The rise of the market-led economy in Swaziland has sparked spontaneous reaction from the trade unions and other social movements. This is similar to changes Polanyi refers to when he discusses the reaction against the market in England by civil society and how the commodification of labour brings about cultural degradation and demoralisation (Burawoy, 2001).

Swaziland's population is on the increase and this means an expansion in the labour force. Given that South Africa is now more concerned with providing employment to its own citizens more than focusing on migrant labour, Swaziland's figures of migrant labour to South Africa have been on the decline in recent years. Similarly, argues Snyman (1992), as the recession in South Africa takes its toll, Swaziland's closely associated manufacturing sector will continue to experience a decline.

Investment and Employment

Foreign investment in Swaziland has been the main driving force in promoting growth in the country's economy and by the mid-1980s, with the depreciation of the national currency, Swaziland exports were competing favourably on the international market, with the European Union (EU) and South Africa being the main customers. This helped control the flow of imports and also helped the country enjoy some surplus in trade. In 2000, Swaziland became eligible for the African growth and Opportunity Act (AGOA) and subsequently qualified for the Apparel provision in 2001. About 30 000 jobs were created, mostly among women, under AGOA through the Apparel industry. Textile exports, however, began to experience a down turn in 2005 due to increased global competition and the termination of the Agreement on Textile and Clothing (ATC).

The decline in textile production, precipitated by the expiry of the World Trade Organisation (WTO)'s Multi Fibre Agreement in 2005, led to textile factory closures and job lay-offs. According to the Ministry of Labour, most textile companies had to introduce flexibility at the workplace in order to "keep business competitive" (Labour Department Report, 2004). Given that population growth is outpacing economic growth, this means life is getting worse for the average Swazi. The average unemployment rate in Swaziland is about 40 percent, but higher in the rural areas. The closure of major manufacturing companies in the urban areas, retrenchment from South African mines, and limited domestic employment opportunities are some of the key causes of such a high unemployment rate (FAO Report, 2002).

Table 3: Employment in Swaziland from 1996 - 2000

	1996	1997	1998	1999	2000
Formal Employment	**94 766**	**95 681**	**91 874**	**93 213**	**93 962**
Private Sector	**63 497**	**64 122**	**59 983**	**61 003**	**61 109**
Public Sector	**31 269**	**31 559**	**31 891**	**32 210**	**32 853**
Informal Employment	**16 877**	**17 063**	**17 311**	**17 563**	**17 616**
Total Employment	**111 643**	**112 744**	**109 185**	**110 776**	**111 578**
% change, year on year	**0.6**	**1.0**	**-3.2**	**1.5**	**0.7**
Migrant Mineworkers	**14 725**	**12 960**	**10 336**	**9 160**	**N/A**

Source: Central Bank of Swaziland

However, while the Department of Labour in the country claims that Swaziland's participation in the global market has brought economic benefits to thousands of local Swazis who have sought employment in the textile industry, trade unions complain of low labour standards in most of the foreign companies in the country. Sentiments from the General Secretary of the Swaziland and Processing, Refining and Allied Workers Union, Mdududzi Gina and Secretary General of the Swaziland federation of Trade Unions (SFTU) Jan Sithole, clearly point to the existence of a lot of worker rights abuses in the textile industry[2]. As Mduduzi explains, "there is a lot of labour mobility among

[2] Author interviews with Sithole and Mduduzi on 28 November 2006 in Manzini, Swaziland

workers in the textile industry as workers seek better conditions in different textile firms. Although the general labour laws apply to workers in the textile industry, our members are treated as though they work in Export Processing Zones". Sithole also condemned the culture by the textile investors, who are mainly from Taiwan and China, of bringing foreigners from their countries to take jobs in Swaziland.

Based on the thinking of Polanyi (2001), it can be argued that economic liberalisation in Swaziland has meant making human society subservient to the economic mechanism. Clearly, as the market asserts itself in Swaziland, human labour is being re-commodified and the protection that workers previously enjoyed is being removed. The removal of protection has created an unfettered labour market but workers have been placed under the threat of starvation if they failed to comply with the rules of wage labour (Polanyi, 2001). Evidence shows that the working class in Swaziland is not getting any protection from the state and, as Burawoy (1999) argues, it seems the state has been captured by short sighted classes who mercilessly pursue their own narrow economic interests. The state has failed to represent the general interest of the workers and population at large against the market (Burawoy, 1999).

Social Dialogue

Although there is in existence a legal framework for the tripartite consultations in Swaziland on labour and social policy matters, the process is undermined by lack of a national constitutional environment. There are reports of state harassment of trade union leaders despite the fact that the Industrial Relations Act provides for the right to form associations, including unions. Vincent Ncongwane of the Swaziland Federation of Labour holds the view that social dialogue has not been as effective as it should have been. Thus says Ncongwane, "social dialogue in Swaziland is not working well in the face of a highly volatile political situation. There are no reasonable benefits from social dialogue for labour".[3]

[3] Author interview with Vincent Ncongwane on 29 November 2005 in Mbabane, Swaziland

Labour Standards

Trade unions in Swaziland, particularly those in the textile industry, speak of difficulties they face in dealing with issues affecting their members. They claim that foreign investors enjoy some measure of protection from government as inducement to them to continue operating in the country. Unions accuse Government of deliberately ignoring to enforce local labour laws and international labour standards for fear that once these were enforced, the investors would relocate to other countries. There were also reports that those retrenched from the textile industry were given minimal severance packages while female workers did not receive any paid maternity leave contrary to existing labour laws. The Swaziland Federation of trade Unions blames the rising spate of worker abuses in the textile and other industries to increased biased government interference in issues affecting workers.

The Labour Department did not also carry out regular inspections in factories to monitor worker abuses. For instance in 2004, "the Factories Inspectorate operated with only five inspectors for the whole year. This section is facing a serious shortage of manpower and transport" (Labour Department Report, 2004). Given the staffing deficiencies in the inspectorate section of the Department of labour, lack of regular inspections has precipitated the continued existence of sub-standard working conditions in foreign companies and consequently exposing workers to hazardous conditions. There was also evidence that management in various industries dismissed workers for engaging in union activities and such acts were reportedly prevalent in the textile industry.

Swaziland can, therefore, be described as a country that has achieved some measure of economic growth through economic liberalisation policies but whose poverty levels remain high. The continued insistence by the government on economic openness has had a profound impact on the domestic labour market. The opening up of the economy to foreign investors, particularly in the textile industry, has had serious implications on wages and conditions of service of the Swazi workers. It is also true that Swaziland and South Africa share a historical economic relationship and as such, South Africa's political independence has implications the trade relationship between the two countries.

The incorporation of Swaziland into the capitalist system achieved little in reducing poverty levels while on the hand increasing exploitative forms of labour use, unemployment and underemployment. However, it can be concluded that the decline in direct foreign investment coupled with a reduction in labour migration to South African mines and the state's inability to create sufficient jobs have contributed to high unemployment and poverty in Swaziland.

BOTSWANA

Botswana is one of Africa's most stable countries economically and prides itself of being Africa's longest continuous multi-party democracy with a population of approximately 1.8 million people. It is relatively free of corruption and has a good human rights record. As a middle income country, Botswana's economy is heavily reliant on diamond production, although in recent years there have been attempts to reduce this dependence by exploiting other non-mining sectors such as tourism. The mining sector through diamonds has been the country's economic mainstay for the last 30 years or so, with a contribution of 35 per cent to the country's GDP and accounting for 82 per cent export earnings (SADC Review, 2005).

Botswana is one of the countries in the region that has had strong social policies since independence. The country has provided free education and health services among other social benefits. Even with pressure from the developed world to liberalise, Botswana has not opened its economy as widely as have done other countries in the region. Botswana provides an example of a country whose moral principles have for a long time been embedded in the social and political order of the day. However, the question today from a Polanyian perspective is whether after more than 40 years of independence, capital will move to free itself from any restrictions set by society or the state. The true implications of economic liberalism in Botswana are yet to be seen and whether there will be a 'double movement' with the market defending its prerogatives against what it sees as the encroachments of society and politics (Polanyi, 2001).

Investment and Employment

In terms of the country's engagement in the process of globalisation, the government aims to position Botswana to compete effectively in global markets by adjusting its economic structure and institutional framework to take advantage of opportunities offered by globalisation (SADC Review, 2005). The country has introduced various programmes, policies and strategies that are being implemented to drive the economy, including provision of requisite infrastructure, maintaining an appropriate macro-economic policy regime for private sector initiatives and increasing labour productivity through human resources development.

In recent years, plans by the Botswana government to privatise some of its enterprises have been under serious consideration. The government views privatisation as a policy that will, among others, promote efficiency, productivity and above all, attract foreign investment into the country. Despite public fears and pessimism that privation will fuel job losses and only serve foreign interests, government remains optimistic that privatisation will bring into the country foreign capital, advanced technology, enhanced managerial skills and international market connections. I can also argue that Botswana's move towards a market economy is, partly, a direct response to fears that a planned economy can become a shortage economy characterised by inefficiencies (Burawoy, 1999) but at the same time the state does not want to apply the shock therapy type of liberalism. Overall employment as of the year 2005 stood at 20 per cent as the country still faces low skills in technical and managerial fields, despite high literacy levels. According to a report by Southern African Development Community (SADC), the government remains optimistic of skilled labour increasing although the high incidence of HIV/AIDS in the country poses a great threat (SADC Review, 2005). The table below shows the number of citizens and non-citizens employed in various sectors of the economy in Botswana.

Table 4: Estimated Number of Paid Employees by Industry, Citizenship and Sex

	Citizens			Non-Citizens			All Employees (Sep-03)			
Industry	Male	Female	Total	Male	Female	Total	Male	Female	Total	Mar-03
Agriculture	4,652	1,272	5,924	122	219	341	4,774	1,491	6,264	6,464
Mining & Quarrying	6,797	821	7,618	315	35	350	7,112	856	7,968	7,961
Manufacturing	12,646	15,951	28,597	1,290	281	1,572	13,936	16,233	30,169	30,164
Water & Electricity	2,295	471	2,766	49	10	59	2,344	481	2,825	2,839
Construction	24,478	3,035	27,513	2,166	72	2,238	26,643	3,107	29,750	29,023
Wholesale & Retail	21,410	17,437	38,847	2,750	469	3,219	24,160	17,906	42,066	41,906
Hotels & Restaurant	4,073	8,335	12,408	591	222	814	4,664	8,558	13,222	13,046
Transport & Communication	6,688	2,963	9,650	555	72	627	7,243	3,034	10,277	10,141
Financial Intermediaries	1,928	3,540	5,468	278	24	302	2,206	3,563	5,770	5,639
Real Estate	9,100	3,096	12,196	860	199	1,059	9,960	3,295	13,255	13,271
Education	2,684	2,763	5,447	932	742	1,674	3,616	3,505	7,121	7,039
Health & Social work	464	1,695	2,159	187	207	394	651	1,902	2,553	2,474
Other Community Serv.	1,309	1,501	2,810	266	168	434	1,575	1,669	3,243	3,135
Private & Parastatal	98,524	62,879	161,403	10,360	2,719	13,080	108,884	65,599	174,483	173,101
Private	89,886	58,523	148,409	9,839	2,612	12,452	99,725	61,136	160,861	160,200
Parastatal	8,638	4,356	12,994	521	107	628	9,159	4,463	13,622	12,901
Central Government	45,969	39,351	85,320	1,714	666	2,380	47,683	40,017	87,700	86,572
Education	11,610	17,567	29,177	735	280	1,015	12,345	17,847	30,192	30,192
Other	34,359	21,784	56,143	979	386	1,365	35,338	22,170	57,508	56,380
Local Government	13,170	9,802	22,972	139	89	228	13,309	9,891	23,200	22,242
All Sectors	157,663	112,032	269,695	12,214	3,474	15,688	169,876	115,506	285,382	281,915

Source: Central Statistics Office of Botswana

From the table above, it is clear that in contrast to other countries, the private and parastatal sectors in Botswana remain the major employer employers with over 174 000 employees. This, perhaps, can be explained by the heavy presence of the state in directing the economic destiny where the issue of employment has been given significant priority. Given the country's relatively small population, it is evident that Botswana's employment levels are much higher when compared to other countries in the region. The much cautious approach to opening up its economy to capitalist investment has also contributed to the country's stability in employment levels.

Social Dialogue

Industrial relations in Botswana are governed by a tripartite structure arrangement where employers, trade unions and government relate and are able to handle matters of industrial nature. There is, in existence, pieces of legislation such as the Trade Union Act of 1969, which requires that all unions be registered, the Employment (Amendment) Act of 1992 which lays down terms of employment and minimum conditions of service for employees in the private and parastatal sectors. The Regulation of Minimum Wages Order of 1995 provides for minimum wage rates. This clearly shows that the country did not have an Industrial Relations Act until the year 2004 when, through the assistance of the International Labour Organisation (ILO), produced the country's Labour Act. Obviously, this came as a relief to the unions. The Botswana Federation of Trade Unions (BFTU) Secretary General, Henry Makhale[4], says "the new Labour Act has a few positive clauses which make it easier for workers to access social justice. We are coming from an era where the Minister of labour had absolute control and restrictions which inhibited unions from growing".

Labour Standards

The government of Botswana has ratified all the eight core conventions of the International Labour Organisation. However, according to the BFTU there is an increase in the number of violations of trade union and workers rights in some of the privatised and foreign companies. According to Makhale, privatisation has resulted in the loss of jobs and some companies have resorted to using contract labour. The unions are trying to fight for the protection of workers against violations but they receive little support from state authorities while labour inspection by the Ministry of Labour is also weak. As the economy moves further towards privatisation, the unions are worried of increased abuse and erosion of workers' rights. As Makhale puts it, "these investors have failed to stimulate quality job creation and instead what we are seeing is more and more of casualisation of labour. We fear that the worst is yet to come as globalisation takes its toll in Botswana".

From the evidence above, I can argue that although Botswana has been implementing economic liberalisation policies, the country has continued to enjoy economic growth.

[4] Author interview with BFTU Secretary General Henry Makhale on 4 December 2005 in Gaborone, Botswana

The country's commitment to maintaining sound macro-economic stability has enabled it to remain a successful development record. As shown earlier, the success of Botswana's success can be attributed to the heavy presence of the state in the management of the country's economic affairs. The state in Botswana has strategically led and managed economic growth with little dependency on foreign aid. In contrast to a country like Zambia which applied rapid liberalisation and with a minimal state role, Botswana signifies a successful developmental state in Africa. Botswana's state-led development strategy has worked well whereas the same strategy has been blamed for economic failure in other African states.

4.4 LESOTHO

Lesotho is a low income country that is inseparably linked to South Africa in terms of the economy. With a population of about 1.8 million, Lesotho thrives on a fairly liberalised economy with Foreign Direct Investment permeating nearly all the main sectors of the economy. The country also has strong trade links with the United States which serves as a destination for at least 60 per cent of Lesotho's exports. Other sectors which are vital to the economy of the country include manufacturing, water and telecommunications sectors.

Investment and employment

The textile industry in Lesotho accounts for the largest number of formal sector employment in a country grappling with an unemployment rate of about 50 per cent. A large number of men from Lesotho work on the mines in South Africa. A diamond mine .that has been abandoned since 1982 has been recently re-opened with the potential to generate some level of employment and provide for up to 20% of Lesotho's GDP (SADC Review, 2005). The country also remains committed to developing an aggressive investment programme aimed at attracting both local and foreign investors.

Table 5: Basotho Mineworkers Employed in South Africa, 1982-2002

	Average no. employed	Average annual wage (M)
1982	117,641	2,985
1983	115,327	3,426
1984	114,041	3,927
1985	116,223	4,452
1986	121,450	5,136
1987	125,934	7,160
1988	124,781	7,598
1989	126,733	8,679
1990	125,786	10,069
1991	122,188	11,350
1992	119,596	12,440
1993	116,129	13,359
1994	112,722	14,562
1995	103,744	16,801
1996	102,162	19,186
1997	95,913	21,193
1998	80,445	24,678
1999	68,604	27,657
2000	64,907	30,131
2001	61,412	32,030
2002[1]	61,778	34,965[2]

Sources: Central Bank of Lesotho

From the table above, the decline in the number of Basotho mineworkers in South Africa is clearly evident. The retrenchment of mineworkers in South Africa has taken its toll on migrant labour, including those from Lesotho. Therefore, The subsequent inflow of retrenched miners returning to Lesotho, many of whom have skills that can hardly be exploited in the domestic economy, should be added to the natural growth rate of the labour force in Lesotho.The continuous drop in employment figures from the 1980s to the year 2002 illustrates the low demand for employment in relation to supply. The escalation of unemployment can also be attributed to the diminishing employment prospects in the agricultural and government sectors.

Lesotho's textile industry has, however, experienced declining production in recent years due to competition and changes in trade agreements. Deputy General Secretary of the Lesotho Federation of Trade Unions (LFTU), Raymond Mothep, estimates that employment figures in the textile industry have dropped from approximately 56 000 to just over 30 000.[5] This certainly has had a negative impact on employment levels. As

[5] Author interview with Deputy General Secretary of the Lesotho Federation of Trade Unions on 1 December 2005

argued earlier, Lesotho like Swaziland, is a country which exhibits forms of neo-colonial independence within the region and has heavily depended on South African capital in spheres such as mining, manufacturing, hotel and tourism (Dixon and Heffernan, 1991).

The situation has been compounded by an equally declining level in mining activities on the gold mines in South Africa which has meant retrenchments among most of the migrant labour from Lesotho forcing them to return home and increase the number of the unemployment. It is estimated that numbers of migrant mineworkers from Lesotho have reduced from about 52 926 from 54 171 by last year (Central Bank of Lesotho Quarterly Report: 2005). Overly, the decline experienced in the manufacturing sector can be attributed to the expiry of the Multi Fibre Agreement and restructuring in the sector.

However, declining work opportunities at the mines in South Africa have led to major reductions in the numbers of Basotho able to travel to work there. Over the last three years, mine worker numbers seem to have been relatively stable at about half the total of 15 years ago (Turner, 2003). However, there is also evidence of other Basotho, including women, migrating to South Africa for employment in other sectors such as agriculture and retail services. As Turner (2003) shows, the country has also seen an increase in intra-migration of people moving from rural to urban areas, particularly Maseru – the capital city.

Social Dialogue and Labour Standards

Social dialogue in Lesotho is grounded on a tripartite structure arrangement and all social partners are active participants to the process of resolving industrial relations issues. Currently, a new Industrial Relations Act is being discussed and is likely to be finalised sometime this year. However, by they unions’ self admission, there seems to be more problems among the unions themselves in terms of building unity. The fragmentation of trade unions has weakened their bargaining position. As Mothep puts it, “we have more problems amongst us the three federations which is not healthy for us. We seem to have a leadership crisis whose effects are affecting the entire labour movement”.

Much as foreign investment has brought jobs to the people of Lesotho, there have also been increased violations of workers' rights and declining labour standards, particularly in the textile industry. According to Mothep, most of the textile companies were resisting paying above the sector minimum wage of about R800 per month. Mothep says most textile employers stuck to the R800 figure claiming that was the official rate that government had set and that as a result firms could not pay any higher wages. This clearly demonstrates the state's failure to enforce its regulations for fear of sparking capital flight. This position is also espoused by Polanyi's view, cited by Burawoy (1999), when he argues that society would produce classes that will represent the general interest to the state and that the state would organise its policies and interventions in accordance with those general interests. Unlike Polanyi's logic of the double movement, it is evident that while there is a movement towards the market in Lesotho, there is no movement by the state towards social protection (Burawoy, 1999).

Unions complained of difficulties faced during negotiations with textile owners, who largely of Asian origin, due to language barriers. According to Victor Tau, the General Secretary of the National Union of Textile Workers (NUTEX) and Daniel Maraison of the Lesotho Garment and Allied Workers Unions (LECAWU), workers were made to work overtime but did not receive any remuneration for it.[6] Competition and the desire by government to attract and retain foreign investment have contributed to keeping wages at low levels. It is also important to state that women dominate the clothing and textile industries as well as manufacturing, retail and service sectors. The unions have blamed the continued violation of workers' right on the insufficient capacity within the Labour Department's inspectorate team as there were only 10 labour inspectors against 46 factories in the textile industry.

However, unions have found a way of dealing with employer abuses in the textile by reporting such violations to the buyers of the exports in the US who have opened an office in Durban, South Africa for purposes of monitoring such abuses. Further, the unions were not happy that investors were only reaping from the country's labour without

[6] Author interview with the two union leaders in Maseru on 2 December 2005.

investing in infrastructure. But why has the working class in Lesotho not built itself into a vibrant and aggressive movement to counter violations of workers rights. Perhaps the answer lies in what Burawoy (1999) describes as a situation where there is no longer any ideology against which to react nor one around which to organise collective forces. As Burawoy argues, neo-liberalism upholds the narrow interests of “an imitative, intermediating, marauding merchant class” (1999: 14). Further more, argues Burawoy (1999), the basis of societal self-organisation in the workplace has been largely declining even as the population hangs on to its remnants as the last resort of self defence.

On the other hand, Labour Commissioner Mamohale Matsoso supported the government’s offer of incentives to foreign investors saying Lesotho, like any other country in the world had to attract foreign investors[7]. She emphasised that given the lack of capacity of governments to create sufficient jobs, it becomes necessary for authorities to do whatever it takes to bring in as many investors as possible for purposes of creating opportunities for jobs and national development. This position by government clearly indicates that governments will do anything to attract investment, regardless of the conditions that go with such desperate moves. Matsoso’s view is espoused by Mark Bennet from the Lesotho Apparel Project known as Commark Trust, who argued that Lesotho was better off with the textile industry than without it.[8] In contrast to complaints by unions that textile workers were grossly under paid, Bennet argued that “in fact apart from wages and overtime, workers got other incentive allowances. Bennet further revealed that Commark was currently working towards ensuring that textile workers had access to anti-retroviral drugs in view of the high prevalence of the HIV/AIDS pandemic in the country.

Clearly, as Burawoy (1999) argues, once the state begins to align its interests with those of the market fundamentalists, the state abrogates its role of protecting labour. The state in Lesotho has seemingly receded and watches impassively as jobs disappear while wages are also plummeting. Similarly, Block (2001) shows that when state policies move

[7] Author interview with Mamohale Matsoso in Maseru on 1 December 2005
[8] Author interview with Mark Bennet in Maseru on 2 December 2005.

in the direction of disembedding by heavily relying on market-self regulation, ordinary people are forced to bear higher costs.

4.5 ZAMBIA

After the re-introduction of a multiparty political system in 1991, the ruling Movement for Multiparty Democracy (MMD) under President Frederick Chiluba, a former trade unionist, the government sought to implement an ambitious programme of economic reforms. The main thrust of the economic reforms encompassed the removal of the protection of the domestic market as well as the abolition of subsidies on consumer goods, removal of all forms of controls – prices, exchange rates and the introduction of a formidable monetary policy. More importantly, the government embarked on an ambitious privatization programme of state-owned enterprises and an elaborate reform programme of the civil service. However, despite the implementation of these austerity measures, the country's economy remained in depression, characterised by high levels of poverty and unemployment.

Given the decline in formal employment, the country saw a growing informal economy characterized by low quality jobs with no form of protection. There were large scale retrenchments caused by the restructuring and sale of companies under the privatization programme. The high number of job losses was also due to the closure of companies or industries that could not compete favourably within the globalised economic system.

With a strong copper-based economy, Zambia was one of the most industrialized and urbanized of Africa's new nation-states (Rakner, 2003:44). Rakner writes that Zambia boasted of a Gross National Product (GNP) of close to US$2 billion at independence, twice that of South Korea and had one of the highest per capita incomes in independent Africa. However two decades later, this once wealthy country was reduced to one of the poorest on the African continent. The government's market controls and price limits, without sufficient earnings from copper to subside them, led to shortages and decreased production. The country's GDP between 1975 and 1980 was too weak due to the rapidly declining economy (Rakner, 2003). Until copper prices began to plummet, the Zambian government did not show any interest in either the International Monetary Fund (IMF) or the loan programmes from the World Bank. But as the country's economic recession deepened, the relationship between Zambia and the IMF began to register a steady rise in borrowing, accompanied by stringent conditions. The harsh consequences of the IMF/World Bank lending conditionalities began to manifest themselves in increased poverty, erosion of real incomes, food shortages and high inflation rates.

Economic reforms

What sets Zambia apart from the other countries in the region which were covered under this study, is the pace of implementation of its economic reforms. Zambia has carried out a comprehensive liberalisation of the economy in the last 15 years. While the other four countries have been implementing restructuring at a gradual pace, Zambia went for a rapid programme of economic restructuring in the hope that the country would recover from the serious economic difficulties the country was experiencing. Between 1976 and 1991, the Zambian government had adopted seven different donor-supported adjustment programmes, which comprised policy measures but all these programmes were abandoned at one stage or another (McPherson, 1995). This perpetuated the country's economic decline.

When the MMD took over government in 1991, the new government's priority was to stabilize the economy and this meant taking a major policy shift. When it was clear that the economy was so close to spiralling out of control, the MMD leadership realized that a change in economic and social policies was inevitable and the clearest signal towards this approach was in 1992 when the government sought to sharply reduce its budget deficit, embark on a privatization programme of parastatal firms, reform the tax system and devalue the currency (McPherson, 1995). The real impact of these IMF and World Bank-inspired reforms was however felt when the country decided to liberalise trade, liberalise agriculture and implement privatization. As Situmbeko and Zulu (2004) write, the manufacturing industry, particularly the textile industry, suffered a severe setback when the government decided to lower and remove tariffs on imported goods. The increase in imported second-hand clothes dealt a death nail on the textile industry when more than

140 companies which could not compete with these imports went under (Situmbeko and Zulu, 2004).

Zambia's rapid implementation of reforms resulted into a freefall when contrasted with other countries in the region. For instance, in its 2003 Human Development Report, the United Nations Development Programme (UNDP) lists Zambia among the four worst performing countries in Africa, together with the Democratic Republic of Congo, Sierra Leone and Burundi (Situmbeko and Zulu, 2004). The major difference being that the three other countries are coming from large scale wars while Zambia has not suffered from such conflict. However, the full impact and how Zambia has responded to the impact of economic restructuring is dealt with in detail under chapter five which focuses on Zambia as a case study.

Investment and Employment

While many economic indicators improved, overall GDP growth remained stagnant over the first five years of the reform period (Rakner, 2003). Industry, particularly the manufacturing sector, was adversely affected by trade liberalisation. No significant progress was made in diversifying exports and copper continued to dominate exports. The free market economic system which was expected to usher in an efficient private sector dealt a devastating blow on employment in the country. By 2002, through the privatisation programme, administered by the Zambia Privatisation Agency (ZPA), more than 250 former state owned enterprises had been sold off to private hands. However, it was the liberalization of trade that was of serious concern due to the stiff competition that local industries were exposed to. It became difficult for local companies to compete with international products, whose goods were, in most cases, heavily subsidized by the state in their countries. Consequently, most companies succumbed to this competition forcing them to either operate at half their capacity or effecting total close down. As a result, thousands of workers lost their jobs and were thrown onto the streets. Between 1993 and 1998, it is estimated that 90 000 workers had been displaced (Koyi, 2003).

Privatisation has been one of the strongest component of Zambia's adherence to the IMF and World bank conditionality. As Situmbeko and Zulu (2004) argue, many former state companies have collapsed, jobs have been lost and welfare programmes that were previously dispensed through parastatals have been discontinued. It is estimated that paid employment in mining and manufacturing fell from 140 000 in 1991 to 83 000 in 2000 (Situmbeko and Zulu, 2004). The table below provides some figures indicating the trend of formal sector employment in Zambia between 1990 and 2000.

Table 6: Paid Employment in Zambia - 1990 - 2000

YEAR	PUBLIC	MINING AND MANUFACTURING	AGICULTURE	OTHER	TOTAL
1990	**159 000**	**142 000**	**80 000**	**162 000**	543 000
1991	**162 000**	**140 000**	**78 000**	**164 000**	544 000
1992	**171 000**	**136 000**	**82 000**	**158 000**	546 000
1993	**168 000**	**126 000**	**83 000**	**143 000**	520 000
1994	**174 000**	**108 000**	**79 000**	**136 000**	497 000
1995	**173 000**	**108 000**	**69 000**	**135 000**	464 000
1996	**196 000**	**95 000**	**68 000**	**140 000**	479 000
1997	**170 000**	**92 000**	**59 000**	**155 000**	475 000
1998	**174 000**	**86 000**	**59 000**	**157 000**	467 000
1999	**184 000**	**85 000**	**60 000**	**148 000**	477 000
2000	**185 000**	**83 000**	**50 000**	**158 000**	476 000

Source ZCTU/ICFTU Study on the impact of globalisation on the labour market in Zambia

The privatization process in Zambia, inspired by global capital, also adversely affected people's access to public services such as water, health, electricity and education due to loss of income and cuts in budgets for social welfare. A large number of formal sector workers were shunted into the informal, ill-paid and untaxed underground economy. Public services such as the provision of water have been commercialized and consumers made to pay commercial rates. Efforts by the state to privatize the electricity supply and the telecommunication companies together with the Zambian National Commercial Bank have met with stiff resistance from the general public and social movement groups due to the inherent negative effects on employment and high service tariffs.

The decline in formal sector employment in Zambia through privatisation, clearly shows the devastating effects of the market. Although Block (2001) and Stiglitz (2001) recognise the necessity of the of the role of the state in limiting the power of the market, it remains highly questionable as to what extent the state in Zambia is able to control the power of capital, given the high level of disenchantment among the working class. Privatisation, for the workers in Zambia, has meant transition in the opposite direction and has led to failure of development and marginalisation of the middle and lower classes in society (Burawoy, 2001). As Burawoy (2001) argues, capitalism exploits through the destruction of existing systems of production, thus, deepening the class conflict or order between the elite and those that are marginalised and dispossessed.

Zambia's open economy has also attracted foreign investment in areas such as agriculture, mining, retail, service and transport sectors. But with this investment, has come new forms of labour practices that have impacted negatively on workers. The country has witnessed a sharp rise in cases of temporal and casual labour, insecure jobs, violation of workers' rights and poor wages as investors seek to maintain low labour costs. Thus, the failure by the state to protect labour as a fictitious commodity, has allowed the self-regulating market to destroy the social order that has existed in the country since independence, more than forty years ago. As Polanyi, cited by Burawoy (2001) writes, labour is now being re-commodified as neo-liberalists continue to embrace the same utopian vision that the liberalisation and integration of economies is laying a new era of global peace and economic advancement.

Consequently, destitution has increased among Zambian workers, poverty has increased while the state remains a passive spectator to this episode. The many company closures and the attendant retrenchments have exacerbated unemployment and poverty. Trade unions have failed to curb the infringement on workers' rights by investors because of the special status and concessions accorded to them by the state. On the other hand, trade unions and the ministry of labour officials do not sit on the board of the Zambia Investment Centre (ZIC) which negotiates with investors to ascertain their suitability to set up business in the country. This makes it difficult to monitor abuses.

As a response to calls for the expansion of the industrial base in Zambia, government last year formulated the Commercial, Trade and Industrial Policy (CTI) which spells out a long term vision for the industrial sector, domestic trading activities and Zambia's participation in international trade arrangements. According to the country's Ministry of Commerce Permanent Secretary Davidson Chilipamushi, the concept reflects on the progress and challenges of the last decade and focuses on government's future support to the private sector.[9] Through this policy, government hopes to transform and diversify the economy to make it more competitive and enable it effectively integrate into the global economy. It is expected that this will stimulate inflows of foreign investment and eventually boost exports.

The non-compliance by many investors to the country's labour laws and fair labour practices, has contributed to weakening the process of collective bargaining particularly with union and other worker representatives. Threats of closure and relocation have also been effective in toning down any acts of agitation from both the unions and the workers. Faced with the high levels of unemployment in the country, most workers apply the 'half a loaf of bread is better than none' principle and are willing to accept work under unacceptable conditions than being unemployed. The religious commitment by the state to the market policy and privatisation has, as Ferguson, 1999) argues, shattered expectations of modernisation. This is also supported by the view of Stiglitz (2001),

[9] Author interview with Davidson Chilipamushi on 24 January 2006 in Lusaka Zambia

when he speaks of liberalism and privatisation being objectives of reform which pushed the lives of individuals into poverty, loss of employment and feeling of powerlessness.

Social Dialogue

Zambia has a tripartite structure for social dialogue, embracing employers, labour and government. The Tripartite Consultative Labour Council (TCLC) serves as an advisory body to government on issues of labour and related matters. Although the Zambian labour market has undergone turbulent times since the liberalization policies, the tripartite structure has provided a useful platform for resolving some sticky labour issues. Fashoyin (2002:2) writes, “the Tripartite Consultative Labour Council (TCLC) is without doubt the most significant national institution through which the tripartite partners participate in policy formulation and implementation of economic and social policy in Zambia today”. The council debates issues referred to it by the government as well as those initiated by the social partners themselves.

Currently, the TCLC is reviewing the 1993 Industrial and Labour Relations Act to enable it deal with issues that have emerged on the labour market during the period of globalisation. However, the TCLC has been heavily criticised for failing to effect changes agreed upon in its meetings, especially those for which government is not comfortable with. One weakness of the TCLC is that its decisions are not legally binding and some of its recommendations are merely ignored by government. Unions have raised their voices over delays in revising labour laws in the country, a process that that has been dragging since it started way back in 2002.

It is interesting to note the different routes that have been taken by the different countries in terms of economic liberalisation. It is remarkable, for instance, to see the contradictions between the rate at which Zambia has opened up its economy while countries like Botswana have taken a more cautious approach with a slow rate of liberalisation. One explanation for this contrast, however, is that Zambia has for a long time been faced with a huge debt burden as compared to Botswana and this put the government of Zambia under pressure in acceding to measures imposed by the IMF and

World Bank. Since Botswana has been able to approach liberalism with caution, the country has, to a large extent, been able to restrain the exploitative tendencies and has kept in place the regulatory apparatuses of the state while in Zambia the shock therapy treatment has destroyed the social order upon which the self-regulating market rests (Burawoy, 2001). As Polanyi, cited by Burawoy (2001) argues, the commodification of land and labour comes to be hedged with restriction and protection and that when land and labour, including money are subject to open purchase and sale, they lose their essential nature. The state of labour in Zambia clearly supports Polanyi's argument that when labour is hired and fired at will, it is dehumanised (Burawoy, 2001).

While Botswana is just beginning to relax some of its social policies as is the case with the re-introduction of education fees, Zambia went for an all out liberalisation which has seen the privatisation of some essential services such as water. So in the case of Zambia, instead of a self-expanding market society hedged in and propelled by a vibrant society working together with a regulatory state, we have a society in retreat from the market and a state answering to the tune of global financial markets (Burawoy, 2001). According to Polanyi, cited by Burawoy (2001), the state is supposed to represent the 'collective interests', negotiating a balance between market and society, which the Zambian state has been unable to achieve.

In trying to make sense of Zambia's experience, one observes that the state's attempt to catch up overnight with radical and dramatic plans led to the breaking up of the administrative system and re-concentrating power in the hands of the conglomerates (Burawoy, 2001). The working class in Zambia has, thus, developed what Burawoy (1999) calls its own allergy to market utopianism based on scepticism toward all ideologies that appeal to universal interests. Botswana, on the other hand, seems to exemplify an economy, as Burawoy (2001) suggests, where the state bureaucracy continues to direct the economy, coordinating private and public sectors and combining administered and market enterprises. I'm, therefore, compelled to go along with Burawoy's suggestion that state socialism can supply the foundations of a thriving market economy, by incubating the state-society synergy that Polanyi took for granted

(Burawoy, 2001). Below is a summary of the findings the country case studies in the region.

Table 7: Summary of Country findings on key issues

	Investment, Growth & Employment	Social Economic Floor	Labour Migration	Labour Standards & Social Dialogue	Decent Work and Global Production Chains
Namibia	Presence of foreign investment with low quality job created. FDIs have increased employment	Social Welfare still being provided to citizens	Exercises Strict migration laws in place to control influx of migrant labour	Unions concerned by low labour standards in EPZs and FDI industries. Social dialogue structures in place but weak	Textile industry and EPZs with poor working conditions for worker
Swaziland	Inflow of FDI in textile industry. Agro-based industries are the main source of employment.	Social welfare slowly being reduced	Migration labour to South Africa reducing due to reduction of mining activities in SA	Unions concerned by low labour standards in the textile industries. Social dialogue structures in place but less effective	Textile industry with poor working conditions and suppression of workers' rights
Zambia	Investment in the retail, agricultural and mining sectors. Increase in casual and temporal employment	State slowly increasing spending towards social services	Migration of skilled labour and professionals mainly to South Africa, Europe and the US	Strong social dialogue structures exist but more of advisory type. Low labour standards in multinationals	Workers in foreign multinationals heavily exploited despite some level of unionisation
Lesotho	FDI in Textile industry. Private Sector employment has increased surpassing the public sector	State subsidises health and education services	Migration to South Africa but has declined in recent years due to reduced mining activities in SA	Low standards in FDI multinationals. Social dialogue structures exist but weak. However, labour standards	Workers in the Textile industry face exploitation in terms of working conditions
Botswana	FDI in textile industry has pushed employment levels up. Also growth of the private sector.	Has high social spending but lately has lately introduced cost-sharing education fees	High presence of unskilled, skilled and professional migrant labour from neighbouring countries	Social dialogue structures being developed.	Workers in the textile industry not unionised and open to abuse by employers

4.5 Can the region use globalisation to its advantage?

While it is generally accepted that globalisation is an irreversible process, it is important that its implications, in many respects, are seriously dissected to determine whether everyone is benefiting from the process. Clearly, it is evident from this study that developing countries, particularly those in Africa have not derived full benefits of globalisation. It is clear, however, that almost all the countries in the region have undertaken some form of economic restructuring, albeit at different levels. Given the poor infrastructural development and insufficient human capital in the region, countries have remained sources of raw material extraction for the industrialised countries. The economic profile of the region, in terms of investment and employment creation, has a mixed interpretation due to unbalanced growth between the developed and developing countries. As noted by Webster and Bezuidenhout (2005), some of the countries in the region are still recovering from the legacies of colonialism and wars which left them in a state of disrepair.

It is also clear that dominant forces in the global order have set their interests in the world outside their own home countries. Understanding these changes is, therefore, critical in redefining policy options, including economic and social policies as well as the role of the state. The economic interests of these dominant forces include the search for broader and far reaching breakdown of the free movement of goods, capital and people and elimination of obstacles to setting up of business or production processes anywhere in the world. The next chapter focuses on Zambia as a case study and provides an in-depth analysis of the research findings.

Chapter Five:

Zambia

5.0 Background to Reforms

Zambia's economic performance in the last forty years has been characterized by three distinct phases. The first phase refers to the period the country enjoyed a buoyant economy just after independence in 1964 owing to high copper prices. The second phase covers the period between the late 1970s to end of the 1980s when the economy took a plunge and, lastly, the third phase where the country introduced neo-liberal policies with a view to reversing deteriorating economic conditions. Through these policies and nationalisation, the government put almost 80 per cent of the national economy under its control. In other words, Zambia pursued a state-led economic developmental path.

The Zambian government's interventionist approach in economic management was also seen as a way of correcting the huge inequalities in income distribution between Africans and non-Africans and the surplus the country enjoyed from copper earnings appeared to provide a solution to this intention. However, the nationalization programme and the country's ambitious programme of substituting imports proved a costly decision for government as the country was unable to diversify the economy from copper production (Osei-Hwedie, 2003). Zambia, therefore, represents a classic example of the downside of a state-led approach to development.

Although Zambia is well endowed with natural resources, available data shows that the majority of the country's population lives in poverty. The government's budget on social services expenditure has drastically reduced over the years and due to the massive retrenchments and redundancies effected under liberalisation policies, there has been increased poverty with current estimates showing that 80 per cent of the population are living under poverty.

In the mid-1970s, the country began to experience economic decline following the collapse of the copper prices and the global oil crisis (Bisten and Kayizzi-Mugerwa, 2000; Situmbeko and Zulu, 2004). The poor performance of the economy had severe consequences on the entire economy while the government was unwilling to adjust. The government instead took to heavy foreign borrowing in order to minimize the impact on the declining living standards of the people. The government tried to deal with the crisis by increasing regulations, such as tightening regulations on consumer prices and expanding subsidies on basic commodities (Bigsten and Kayizzi-Mugerwa, 2000). The failure by the government to implement reform following the sharp drop in copper prices in preference to financing the crisis had set the stage for the country's economic disaster. This, combined with the general absence of accountability, perpetuated the country's large budget deficits for so long and the reduction in the economy's capacity to create wealth (McPherson, 1995). It is useful to mention that at this time Kaunda and his ruling party - UNIP - had declared a one party rule in Zambia. This in effect personalized Kaunda's rule which only contributed to the erosion of accountable governance.

Faced with a situation where the government was caught 'between the devil and the deep blue sea', and in the midst of increasing poverty, the government had no alternative but to enter into collaborative arrangements with the IMF. McPherson argues that "the government responded with several attempts a reform. Internationally-supported programmes were undertaken in 1978, 1980, 1981, 1984, 1985, 1989 and 1991 through the different reform programmes. None was continued to the point where economic reform could have succeeded" (1995:9). As the process of economic degeneration took its toll on the Zambian society, government efforts to implement reform packages were met with stiff domestic opposition, especially from miners on the Copperbelt. There was also firm resistance to the reform measure from the trade union movement, which signalled souring relations between the labour movement and the UNIP government. But as Rakner explains, the government remained unshaken by any resistance to the reforms, "outlawing and suppressing strike action in all essential areas" (2003: 59). But the turning point to the UNIP government came in December 1986 when the government announced the decontrol of maize prices. This move unleashed a wave of unrest never witnessed in Zambia since independence, leaving 15 people dead (Rakner, 2003). According to Rakner, this led to government suspending its relationship with the IMF in 1987 and instead opted for a home-grown economic recovery programme called the New Economic Recover programme (NERP). According to Situmbeko and Zulu (2004), the decision to implement a home grown policy programme led to a reduction in inflation levels and the economy recorded some growth.

Zambia's decision to cut ties with the IMF was received by disapproval from the donor community, particularly those under the Paris Club, who started tightening the noose on Zambia for going against the set conditions that required a country to maintain a programme with the IMF in order to qualify for assistance. This dilemma sent the Zambian government back to the IMF and World Bank in 1989 where it was further insisted that the country could only come out of its economic quagmire by taking stringent fiscal measures, painful as they were, if it were to receive any assistance from the IMF. The country's economic problems continued up until the 1991, when the volatile political and economic conditions led to a change of government ushering in the MMD government.

5.1 The 1991 economic reforms: Shock therapy

When the MMD took office in 1991, the country's economic position was far worse off than it was at independence. Basic social services such as provision of health and education were appalling. Hospitals had no drugs, beds and staff while schools faced a serious shortage of staff, desks and books (Rakner, et al, 1999). The MMD made it clear to the people that the government would have to effect austerity measures in order to get the economy back on track. With people willing to sacrifice over what was then perceived as a short-term austerity (Rakner et al, 1999), the MMD set out in implementing a variety of economic reforms that were to spell doom for the ordinary Zambian. Essentially, the government hoped to implement policies that would help transform the country's weak economy into a strong and sustainable one and to link it to the global economy.

Essentially, the Chiluba government implemented reforms far much more rapidly than did the Kaunda government, in fact more than any other Africa government (Osei-

Hwedie, 2001). Thus, Zambia, writes Osei-Hwedie, was seen by the international donor community as a model liberalizing economy, which earned the country an opportunity to borrow heavily in order to pay off outstanding debts and to finance development. The reforms implemented are documented in greater detail in other studies, but suffice to say that the reforms did not yield the expected results Zambians had sacrificed for. For instance inflation remained high at over 100 per cent in 1993 and the number of people living in poverty increased to 73 per cent by 1996(Bryne, 1994; Osei-Hwedie, 2001). As Bryne(1994) argues, the new government became more popular with the donors than it was domestically

In addition, based on its election campaign manifesto, the MMD government had laid out a clear indication of returning the economy to the market and the private sector and in 1992 the privatization programme of state enterprises was formally launched. This followed the enactment of the Privatisation Act No. 21 and the creation of the Zambia Privatisation Agency (Situmbeko and Zulu, 2004). Although getting off to a slow start initially, the privatization programme gained momentum and by the end of 2001, a total of 257 state companies had been sold off to private hands (Situmbeko and Zulu, 2004). However, strong opposition by social movements and other political parties delayed the sale of the mining conglomerate – the Zambia Consolidated Copper Mines – ZCCM. This according to McCulloch et al (2000) led to donor withholding balance of payments for three years until in 2000 when the government accepted a bid by Anglo-American Co-operation.

As pointed out earlier, the government directed most of the national income towards debt servicing than socio-economic development and this eroded public confidence in the government and the level of disappointment and disillusionment among the people was clearly apparent. McPherson (1995) argues that while the economic programme of the MMD was full of promise in terms of maintaining fiscal stability, the new government seemed to face problems with implementation. The reforms were expected to bring about fiscal stability but instead the macro-economic situation continued to deteriorate. McPherson puts it succinctly when he writes, “the new government had blown it. It had failed to do the one thing that mattered most: it had not distinguished its approach to economic management from that of its predecessor" (1995:11).

However, it is also important to state that while the implementation of economic reforms in Zambia had its own flaws, it is necessary to recognize the role played by the international financial institutions (IMF and the World Bank) in exacerbating social and economic problems in the country. Situmbeko and Zulu (2004), argue that the conditions that the IFIs attached to the loans and debt relief had a telling effect on the overall management of the national economy. They hold that if the overriding argument for conditions to be attached to debt relief is to ensure that recipient countries do not slip into further debt, then such a policy did not work for Zambia. The twenty-plus years relationship Zambia has had with the IFIs is a long period for country to completely turn around the economic downturn but this has not been the case. It is also argued that the IFIs policies were failing to deliver because they lacked democratic scrutiny. This ties in well with Stiglitz's (2002) argument that the current problem is that global institutions reflect the mind-sets of those to whom they are accountable. Stiglitz is of the view that the process of providing assistance to needy countries is not implemented in tandem with the needs of individual countries and has more often than not been rushed in terms of implementation, using wrong and inadequate policies or analysis. Clearly, it can be noted that the implementation of economic reforms did not produce the expected results.

As can be seen, the implementation of the economic reforms has produced a mix of results and has impacted differently across various sectors of the country's economy and society. It has been shown from available evidence that while the reforms have opened up new opportunities in some areas, there have also been a number of sections of society which have been affected negatively by the reforms. One such area is employment. As argued earlier, the government, through the privatization programme, had sold off more than 250 state firms to the private sector by 2001. The impact of this sale of state enterprises to the private sector has been significantly profound. Given that this research focuses on the impact of restructuring on workers in Zambia, I now wish to explore the issue of privatization and how it has affected jobs in Zambia, in greater detail.

5.2 Impact of Privatisation on the Zambian Labour Market

Privatisation can simply be described as the process by which governments sell off their enterprises to private investors, local or foreign. Countries privatize in order to reduce the scope of government in cases where government operations have gotten so big and are consuming too much in terms of resources (USINFO, 2006). Privatisation, then, allows the private sector to buy off such entities from the state with a view to running them more efficiently and enable them function as the engine of economic growth. According to USINFO (2006), in Central Europe and the former Soviet Union, the collapse of socialism has prompted fundamental transitions toward market economies based on private property and private sector development. Literature on economic restructuring reveals that there is a strong link between economic reform and privatization and that embarking on privatization is a sign of a government's commitment to economic reform.

The privatization of state enterprises, was thus, a strong feature of the MMD's economic reform and this entailed the retrenchment of at least 10 000 civil servants. Although Zambia has been praised by the IFIs as having implemented "the most successful privatization programme in Sub-Saharan Africa", such praise has failed to take account of the devastating effects of the process on the domestic economy and the labour force in particular. As Rakner (2003) writes, by 1994 the effects of privatization in an economy in crisis were beginning to be felt following the closure of many companies and down-scaling of operations. The uncertainty of the future of workers who were being retrenched from their jobs drew sharp criticisms from the labour movement and other social movements who implored the government to take a more cautious approach to privatization. A survey report by Zambia's Ministry of Labour and Social Security on "Current Practices in Labour Market Information systems in Zambia" produced in 2000 supports the position that jobs are usually lost in the process of privatization. Almost all of the companies privatized under Zambia' reform programme, the report notes, have reduced their employment levels. Further more, the report points out that as employment in the formal sector has declined in absolute terms, the quality of employment in the formal sector has also declined.

However, the proposed restructuring of the public service hit a snag when it was discovered by government that the social cost of retrenching civil servants was “too high” to make it a viable reform option (Bigsten and Kayizzi-Mugerwa, 2000). The purpose of effecting retrenchments in the public service was to make it more efficient by maintaining a reduced, well remunerated and highly motivated workforce. Bigsten and Kayizzi (2000) argue that a bloated civil service remains a serious growth constraint and that the administrative capacity has also deteriorated further due to the heavy toll of HIV/AIDS. Thus, privatization has raised mixed opinions about the benefits of the programme. While most Zambians were optimistic that privatization would improve their livelihood given the principle of ‘efficiency’ attached to private enterprises, it is clear from available statistics that thousands of jobs were lost due to retrenchments effected when privatization occurred. It is estimated that employment in the manufacturing sector fell from 75 400 in 1991 to 43 320 in 1998 while in the textile industry employment fell from 34 000 in the early 1990s to only 4 000 in 2001 (Situmbeko and Zulu, 2004).

Poverty has been on the upswing due to failure by people to secure jobs in the formal sector. This perhaps could point to arguments that jobs created under privatization are far less than those lost. As argued by Situmbeko and Zulu (2004), job losses suffered in the process of retrenchments and redundancies by private companies have not been offset by the new private sector employment. Similarly, Stiglitz (2002) has argued that that the impact on employment has, perhaps, been both the major argument for and against privatization, noting that privatization did not create as many jobs as it destroyed. Further more Stiglitz explains that workers who lose their jobs tend to endure social consequences of unemployment long past the immediate loss of a job. Given the minimalist role of the state in a market economy, workers affected by job losses following privatization are subjected to immeserisation and poverty as they are deprived of their only means of reproducing themselves in the formal sector.

Whereas, Burawoy (1999) talks of the state administering the external conditions of the market and protecting society against the market, the state in Zambia did little to protect labour from the invading free market. In this case, therefore, the state becomes not the vehicle of social protection but what Burawoy (1999) termed "an instrument of market fundamentalism…, far from protecting labour, the state watches impassively as jobs disappear and real wages plummet, waiting for the economic upsurge that never comes". The failure by the government to create opportunities for those being retrenched or declared redundant to be reabsorbed into formal employment was a clear testimony of government's inability to deal with the crisis at hand. Perhaps this is the distinction Marnie (1992) was making by stating that while African countries closed state enterprises without planning for the future of the affected workers, Russia considered the inclusion of a new Employment Act in its economic reform, to set out a provision for the anticipated large increases in unemployment. The table below shows the trend of employment in Zambia from 1985 to 2005.

Table 8: Formal sector employment trends by industry, Zambia 1985 - 2005

Year	Agricultural	Mining.	Manufac-turing	Elect. & Water	Constru-ction	Trade	Transport	Business & Financial Services	Personal & Community Services	Total
2005	65,496	32,103	40,151	6,309	7,953	67,251	20,679	22,313	173,990	436,066
2004	65,136	46,078	45,340	12,346	5,787	44,460	26,510	31,880	138,691	416,228
2003	64,096	48,597	39,385	10,832	3,467	53,450	26,725	28,555	141,697	416,804
2002	43,819	37,245	67,752	7,316	2,406	50,812	21,566	52,727	145,763	429,406
2001	59,248	34,966	47,679	5,038	13,798	52,223	46,618	31,415	184,331	475,316
2000	59,377	35,042	47,782	5,049	13,828	52,336	46,719	31,483	184,731	476,347
1999	60,000	38,521	46,000	5,300	12,895	51,097	45,000	34,682	184,008	477,508
1998	58,630	39,160	46,685	5,237	13,459	48,964	45,840	35,276	173,674	466,925
1997	58,898	42,498	47,118	5,009	17,106	48,893	45,963	37,862	169,814	475,161
1996	68,300	47,700	47,400	4,400	13,100	46,800	38,300	37,600	175,800	479,400
1995	69,079	52,215	55,654	5,067	10,518	41,398	36,542	41,890	172,604	485,000
1994	78,300	51,200	57,100	5,100	17,500	49,900	29,000	34,100	173,800	496,000
1993	82,800	58,200	67,600	5,700	22,100	49,300	29,000	37,000	168,300	520,000
1992	82,000	62,100	73,600	8,400	27,800	51,300	31,100	39,000	170,700	545,900
1991	77,800	64,800	75,400	7,600	33,100	53,200	34,300	35,800	162,200	544,200
1990	79,800	64,700	77,100	7,100	33,400	55,100	33,800	32,900	159,400	543,300
1989	81,900	64,600	75,200	7,100	35,200	54,300	33,300	32,200	156,700	540,500
1988	80,600	64,600	74,500	6,600	37,300	51,000	32,800	31,500	154,500	533,400
1987	78,500	64,600	74,400	6,600	39,600	49,700	32,300	32,500	152,100	530,000
1986	77,200	64,500	75,600	6,500	40,900	47,800	32,400	32,500	179,100	526,500

Source: CSO, Lusaka, Zambia

As can noted from the statistics in the table above, there was a massive drop in formal sector employment from a total of 521 900 in 1985 to 436 066 in 2005. Almost all sectors registered a decline in employment, except for the personal and community service sector where the figure recorded an increase. Although Zambia's labour force is estimated to have grown from around 3.2 million in 1991 to over 4.7 million in 1998, the formal sector only employed 17 per cent of the labour force in 1991 and despite the 46 per cent increase in the labour force, formal sector employment declined by at least 15 per cent indicating less than 10 per cent of employment (McCulloch et al, 2000). This is clearly illustrative of the fact that the reduction in formal sector employment is exclusively due to job losses in former state enterprises that had gone to private hands.

As McCulloch et al (2000) note, until 1996, job losses in state enterprises sector were not compensated by corresponding increases in private sector employment and as a result, large numbers of most the retrenchees were shunted into the informal sector. Due to the difficulty in defining the informal sector, it is almost impossible to give a precise number of jobs the informal sector provides in Zambia. As McCulloch et al (2000) assert, since the definition of the informal sector may include unpaid work it becomes difficult to determine the extent to which the increase in informal sector employment represents a genuine increase in opportunities rather than a reclassification of workers displaced from formal sector activities.

What is remarkable about privatization in Zambia is that the process has been extended to the privatization of essential services. Essential basic social services such as water and transport have been privatized, raising serious concern among consumers due to increased tariffs. There has been increased pressure from social movements against the privatization of the Zambia Electricity Supply Corporation (ZESCO) and the Zambia National Commercial Bank (Zanaco). The labour movement, in particular, which has been opposed to he manner privatization has been implemented in Zambia, has strongly opposed the privatization of the two (ZESCO and Zanaco) because of the potential job losses this may lead to. The labour movement organised public protests against the privatisation of ZANACO and other utilities in 2004, arguing that this would deny the poor (especially those in rural areas) access to the services provided by these companies. Government paid attention to the protests and assured the public that it will not go ahead with the process, but it later succumbed to pressure from the World Bank and IMF who had already set continued privatisation as a condition for further support and debt relief to Zambia (ZCTU Report, 2006)

The Zambia Congress of Trade Unions argues that in the previous cases of privatisation, “liquidators of the state owned enterprises earned great fortunes because of seemingly lack of seriousness on the part of Government authorities. This state of affairs has been a source of concern to the Congress for the reason that the nation does not get any information with regard to the status of funds realised upon sale of assets” (ZCTU Reports, 2006). ZCTU feels that those tasked to liquidate former state enterprises do not show records of rentable values of properties held by them and/or under their custody for the liquidated companies to the extent that they have endlessly continued to hold on to the state assets and properties while no steps are taken by government to control the situation. Joyce Nonde, President of the Federation of Free Trade Unions of Zambia (FFTUZ) states the argument more explicitly when she points out that, “while the labour movement generally welcomes the principle of privatisation, it did this with the understanding that the workers’ interests would be protected by government and the new investors” (Situmbeko and Zulu, 2004: 22).

Table 9: Labour Force in the Mining Sector for both Management and unionized workers 1987 -1998

DIVISION	1987/88	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98
Nchanga	14 864	15 270	15 896	10 590	11 102	10 157	9 960	9 469	8 819	8 817	8 710
Mufulira	8 616	9 146	8 532	8 320	9 068	7 978	7 953	7 175	6 558	6 412	8 086
Nkana	14 652	14 772	14 127	13 631	14 687	13 818	13 204	11 680	11 414	11 082	9 518
Luanshya	8 701	8 945	8 557	8732	9 621	8 526	8 219	7 292	6 813	6 576	0
Konkola	0	0	0	5 667	6 054	5 793	5 984	5 532	5 029	4 877	4 698
Chibuluma	0	0	0	0		0	0	0	0	0	0
Kabwe	2 295	2 412	2 289	2 202	2 249	2 067	1 943	375	201	154	108
Nampund-we	0	0	0	0	0	0	0	456	393	0397	385
NCR	0	0	0	0	0	0	0	0	0	0	0
Power Division	525	535	959	986	1080	929	922	909	914	883	0
OPC/CSD	3 732	3 727	4 321	4 712	2 224	2 182	2 293	1 729	1 637	1 573	1 327
CHO	214	266	286	337	497	426	423	407	303	259	201
TOTAL	53 542	55 073	54 967	55 177	56 582	51 976	50 901	45 024	42 081	41 030	31 033

Source: Mineworkers of Zambia

These statistics for the mining sector clearly show that employment in the sector dropped from 1991 when privatisation was embarked on and the labour force continued to fall up to 1998. There were retrenchments following downsizing exercises as well as total closure of some of the mines. By the end of December 1999, there were 8 329 miners who had been retrenched or declared redundant, following the final sale of ZCCM

(Kangwa, 2001). On the whole, assuming that each retrenched miner was responsible for the livelihoods of at least five other family members, this meant more than 41 000 people affected by the redundancies.

The absence of viable non-mining sectors to absorb the former miners forced the retrenches to turn to agriculture. According to the Mineworkers Union of Zambia (MUZ), most workers had anticipated better lives after the recapitalisation of the mines. MUZ Director of Research and Education, Charles Muchimba[10], explained that despite initial fears due to uncertainties over the future of the mines, the miners expected that the new mine owners would offer better jobs with better services and conditions. But despite nominal increases in salaries due to higher copper prices, Muchimba asserts that there has been a general decline in the general conditions of work and benefits. Muchimba notes that before privatisation, miners enjoyed better fringe benefits though their levels of pay were lower than the current ones. Miners have received nominal salary increases following increased production and higher copper prices on the world market. Whereas the cost of electricity, water and sewerage were subsidised by the company, the new owners had introduced cost sharing measures. Muchimba also criticised the shift in the miners' pension scheme:

> *"Before privatisation, the nature of the scheme – Mukuba Pension Scheme – was favourable such that miners enjoyed benefits after retirement for the rest of their lives. But after privatisation, the new mine owners introduced a pension scheme which is contribution defined and is treated more as a severance package. It terminates upon leaving employment".*

Although the mines have been recapitalised, there has been a rapid decline in employment levels due to automation which has led to most production points being highly automated and computerised. This has, obviously, resulted in an increase in casual labour as well as insecurity among our members. Thus, explains Muchimba:

[10] Author interview with Charles Muchimba, 27 August 2006

"Privatisation has brought with it multi-skilling and multi-tasking among the workers. Workers are being trained to handle more tasks than they used to in the past. In certain mining companies, there has also been an increase in the hours of work for some categories from an 8hour shift a week to 12hours for an intensive two weeks and then they are allowed a week long time off. Casual and temporary employment has also increased with such workers being employed either directly by the mining company or through sub-contractors. This has reduced the number of unionised employees although we are now trying to organise such workers as well. Casualisation has increased insecurity among miners, especially that employers have sharpened disciplinary codes and are meting out stricter penalties than was the case in the past".

Clearly, there has been a sense of disillusionment among the miners. Ferguson refers to this as going through a process of "decline, abjection and disconnection" (1999: 236). Beyond simply illustrating the downside of privatisation, the story of the Zambian miners reveals something more fundamental about the global economic system and the inequality it breeds. Muchimba perhaps amplifies this point when he states that, "the work environment now is that of falling standards with a high intensity and sharpened relationship between employers and employees. While the miners in the past fought colonial powers, now they are fighting a different battle which has international dimensions in the name of globalised corporate power".

Although Zambia approached the issue of privatising the mining sector with caution, few anticipated that even middle aged workers, who were still miles away from retirement, would be affected. According to Lesa Kanyanta[11], President of the Association for the Welfare of Former Miners in Zambia (AWFMZ), because of declining productivity on the mines, workers in the sector looked forward to an injection of capital in order to revitalise the operations of the mines. Thus, comments Kanyanta, "when I heard that the mines were to be privatised, I was very expectant because I was aware that the mines

[11] Author interview with Lesa Kanynta on 23 August 2006

needed to be recapitalised. But I was shocked when I realised that even young men like me had to go". None of the young miners were prepared for this sort of shock and their early departure from employment spelt doom for most of them. "Up to now, most former miners are still living in poverty, especially that most of them have even been forced to sell their houses which they bought as part of the retrenchment package," asserted Kanyanta who leads a 4, 800-strong member organisation.

It was difficult for the former miners to get employment in other sectors because most of the sectors had already collapsed. Kanyanta blamed government for the predicament facing former miners, "because the government did not have any plan to support retrenches. There was a vacuum and people were simply left in the cold. This was a disaster for the people". The feelings of people affected by privatisation obviously suggest that although privatisation was earlier seen as a panacea to the declining economy, it later turned out that workers could no longer support the programme because of the suffering they went through. There was a high sense of betrayal among Zambians over the outcomes of privatisation and it was strongly felt that the government was surrendering the country into foreign hands with little regard to the welfare of Zambians. The continued suffering among those affected by the consequences suggests that government did not give much thought to the plight of those to be displaced by privatisation. As Kanyanta laments, "even today, government has no programme for retrenchees, just as it has no programme for those of our young people leaving tertiary education in search of jobs". Kanyanta feels that the widespread rejection of the MMD government by voters on the Copperbelt and Lusaka province in the September, 2006 Parliamentary and Presidential elections, clearly demonstrated the resentment of people over the economic policies the government was pursuing.

In the context of severe contraction in formal formal sector employment and increased poverty levels, the sentiments by AWFMZ are indicative of how inappropriate implementation of economic policies can lead to disastrous consequences. The AWFMZ see the deprivation privatisation has imposed on Zambians, who once occupied decent jobs, as a recolonisation of African economies. As Kanyanta notes, "these neo-liberal policies have merely re-introduced colonisation of our industries. The country is being reaped of its resources without much benefit to the local population. People in this association (AWFMZ) bear the real picture of those who have been bruised by privatisation and are still experiencing hardships".

According to Situmbeko and Zulu (2004:21) the benefits of privatisation have not accrued to Zambians as anticipated and it is strongly felt that privatisation has only served to enrich foreign investors at the expense of the ordinary workers and Zambians in general. This view is also espoused by Burawoy (1999), when he argues that the state in a market economy tends to protect a narrow class of oligarchs who own and control the most profitable industries and control the major banks and media channels. In this sense, it seems privatisation can only succeed under reforms that create more open and competitive markets. Given the social disorders associated with privatisation, particularly in the short term where declining production or rising unemployment are clearly visible, the process is more likely to be a source of political discontent. It, then, becomes imperative for government to pay attention and cultivate support among the population for privatisation and economic reform in general (USINFO, 2006). The danger in failure to achieve this was that even for reform programmes that are well designed technically can fail politically if they lack public support.

It is also relevant to bring to the fore the point that although the labour movement did question the wisdom of implementing a privatisation programme that was to inflict so much pain on the workers, the unions were equally concerned by the effect privatisation was having on the membership figures. Most of the workers who were losing jobs through privatisation were union membership and therefore their departure meant loss of membership for the unions. Before privatisation, the ZCTU was boasting of over 400 000 members, but this figure has drastically fallen to levels below 250 000. Another factor which has been problematic to efforts by unions to increase membership has been the hostility by the emerging private sector employers towards unionisation. Most of the new investors are reluctant to recognise the presence of unions at their workplaces and in many instances workers who show any interest in union activities are intimidated and threatened by dismissals. The investors are demanding more and more flexibility in labour laws under which practices of part-time work, temporal employment, casualisation all flourish in the quest by employers to reduce costs.

The question, therefore, that arises is how practical is it for countries like Zambia to achieve sustainable economic growth if there isn't sufficient attention paid to basic and needy areas within its society. I think conventional economic wisdom demands that development should be about improving people's livelihoods and it is necessary, therefore, that a sustainable growth path should not neglect or compromise the needs of the population. The decline in jobs in Zambia shows that privatisation has not been implemented in a manner that can bring about positive results. Instead of the expected efficiency and profitability (Williamson: 2004), privatisation has instead led to widespread poverty, inequality and job losses (Stiglitz, 2002, Burawoy, 2001, Webster and Bezuidenhout, 2003).

5.3 Case Study: The Privatisation of Nkana Water and Sewerage Company

The privatisation of water services in Zambia provides a classic case of reduced state intervention and diminishing power of labour. Before the introduction of privatisation in Zambia, the provision of water services was a responsibility of municipality authorities in the various cities and towns. In the mining towns, water and sewerage services were mainly provided by the mining companies themselves. In 1999, Nkana Water and Sewerage Company was incorporated to provide water and sewerage services to five towns on the Copperbelt namely; Kitwe, Luanshya, Mufulira, Kalulushi and Chingola. In 2006, the company was directed to take over of the assets of Asset Holding Company (AHC) which was a mining municipal service wing. AHC was operating in all major mining townships. Following the signing of a Statutory Instrument in 1997, the government passed a law which effectively de-linked water and sewerage service departments from local authorities throughout the country to transform them into private companies with 100 per cent shareholding in the companies. Essentially, the main thrust of reform has been the creation of commercial water utilities in many parts of the country. As part of this process, the Nkana Water and Sewerage Company subsequently took over the responsibilities of Asset Holding Company in some mining towns.

The taking over of AHC by Nkana Water and Sewerage Company meant that the company assumes responsibility of providing water and sewerage to both mining and non-mining areas in the towns where the company operates. The company has five semi-autonomous Divisions operating in different towns of the Copperbelt. The company employs about 693 workers, of whom 585 are unionized employees. While displacement of labour is a strong feature of privatization, being an essential service provider, the company did not effect massive lay-offs following the take-over, except for a few who were said to be unskilled. According to the company's Human Resources Manager Pitsane Mapate, it was "prudent to lay off these workers because they were unskilled but we took on at least 90 per cent of the labour force". While the company is still expanding, Mapate explains that management is reluctant to employ more workers and was instead trying to downsize from the current workforce, an indication that the company wanted to maintain a minimum number of workers to avoid costs.

Although the story from management presents a rosy picture of the company, the downside of working under a privately owned company was revealed in discussions with the union leadership. Workers in this company are organized by the Zambia Water Sanitation, Engineering and Allied Workers Union. The union's General Secretary Agrippah Phiri[12] lists a number of problems the union and the workers have faced with management:

> *"Firstly, we have the problem of classification, where even crafts certificate holders are placed under management ranks just to silence them. There is no clear definition as to who belongs to management and those who don't. Secondly, under local authorities, we had very good conditions covering a number of benefits as compared to now."*

[12] Author interview with Agrippah Phiri on 12 September 2006

In August 2006, the union called a nationwide strike to back demands for the payment by government, of retrenchment packages to workers who were formerly employed by local councils. The union's President Benson Chipumbu said, "As you may be aware, most of our members were retrenched from the councils in 2000 but they have not been paid their retrenchment packages up to now. We thought we were breaking even on the matter when former Local Government Minister Andrew Mulenga promised three months ago that the employees would be paid their retrenchment packages soon" (The Post, August 11, 2006). The non-payment of retrenchment packages did not affect those who previously worked for AHC. The failure by government to honour its promise to pay severance packages to the former council workers represents several other cases where workers in former state enterprises were left in the cold once their companies were sold off. Workers displayed their dissatisfaction through protests and demonstrations and court actions.

In contrast to the workers' expectations, most of them were de-motivated due to high levels of insecurity in the company. The union complained that there were instances when the company management withdrew certain benefits without negotiating with the union. Phiri lamented that the union had raised a number of issues concerning violation of conditions, but "because the company is profit driven, they always cite lack of funds as an excuse". Phiri also revealed that workers were working under constant fear of losing jobs at the slightest mistake, emphasizing that while trade unionism appeared to be strong in the public sector, unions in the private sector were working under intimidation. This had led to union leaders compromising on union principles. These results suggest that the private sector has succeeded in repressing union power and although they have allowed the existence of unions at the workplace, these unions play a very marginal role. As Buhlungu (2000) asserts, unions and unionists are discovering that the agenda of trade unionism in the 1990s had changed dramatically and they are being forced to adapt to a new set of conditions and pressures. Admittedly, while internal union organization in most cases is weak, the lack of capacity by unions to exert their influence at the workplace has been due to the changes in the economic and political environment. It is, therefore clear that after so many years of being a major force, managements -

particularly in the private sector – have managed to take the initiative away from the unions, thus, forcing them to respond to new strategies (Buhlungu, 2000).

The responses received from the workers in the company, whose real names have been withheld, show how the hard won gains by workers since independence have slowly slipped-through from the workers as privatization erodes their social and economic status. The research findings reveal that there is a growing sense of individualism among workers, where each worker sees himself or herself as an independent contractor responsible for their own social and economic risks of employment (Herod and Aguiar, 2000). Most of the respondents pointed to a decline in the general conditions of their work. While most workers talked of an increase in monthly pay, they expressed concern at the fast-eroding industrial rights. Samson Chibuye, 45, married with five children and works as a driver, bemoaned the declining levels of job security among workers "because the union has not been as powerful as it used be in the past". Chibuye believes that job security among workers will only increase if the union can be strengthened to the level of other unions "like the MUZ", in an apparent reference to the powerful Mineworkers Union of Zambia.

With a monthly income of about K1, 300, 000 (approx. US $300), Chibuye is unable to meet his basic monthly needs. Thus, said Chibuye:

> *"I have no other means of income apart from my salary. When we were under a public institution (AHC), the company used to subsidise most of our social needs such as electricity, mealie meal, health and water but now we have to struggle on our own. With the high taxes we pay, I'm unable to meet family requirements. I fear that my children may not get sufficient education because I cannot meet the high school fees".*

Such lamentations are unsurprising if one considers, for instance, that while in employment under the Zambia Consolidated Copper Mines (ZCCM), a miner and his or her family had automatic access to company provided medical and education facilities, recreational activities sports amenities, electricity and water supply as well as sanitation services. Therefore, the consequent loss of these facilities and social services benefits under a privatised mining sector has had a negative impact on health, education and the general well-being of the mining communities. Nkana Water and Sanitation Company has been running public awareness campaigns to inform the residents in former mine townships concerning their responsibilities as consumers. The company stresses that it will have no alternative other than withdrawing services for consumers who do not pay. In an environment where many have no incomes, the possibility of serious health problems as a result of loss of services cannot be ruled out. The local authorities have also advanced their intentions to begin levying rates on the former mine houses as they are now eligible for rating (Kangwa, 2001). This view supports Leah Chiyeni, 46, a Customer Services Assistant, who expressed disappointment at the company's failure to provide training opportunities to employees. Chiyeni complained that despite working hard for the company, employees had been told to sponsor themselves for further studies. She noted this was not possible due to low wages the workers received.

Privatisation has also been criticized by workers on the basis that a privatised company lays less emphasis on worker welfare and demands from the worker than it gives. Stella Kaluba, 36, a customer service assistant, married with three children and has worked for the utility company for six years, feels the privatised company did not provide sufficient incentives as its predecessor did. Kaluba explained that the prospect of working under a private company raised workers' expectations, such good working conditions and higher salaries, but after the change-over, things were different. She was dissatisfied with a number of things:

> *"We are experiencing a different work culture, we work longer hours than what is paid for and it is becoming increasingly difficult to access social services. The union is not taking any measures to improve our job security and I'm generally not happy with the current social security scheme as compared to the previous one before the company was privatized".*

For workers of Nkana Water and Sewerage, therefore, privatization has meant having to put up with increased pressure of work, reduced benefits, growing job insecurity and taking on increased responsibilities without corresponding raises in benefits. Union representation which they had so much relied on in terms of protection has been weakened so much that it cannot save them from the worsening conditions. As Aguiar and Herod (2006) argue, neo-liberalism and privatization have entrenched economic and social exclusion among workers and eroded their ability to enjoy fully the rights which the welfare state extended. Aguiar and Herod, rather, express pessimism about the future under neo-liberalism when he stresses that, "the removal of government regulations will allow the market to operate as it should, without the distortions brought about by political interventions. The contemporary growth of low waged work and poor conditions which market deregulation is auguring is not actually an aberration but is, rather, emblematic of the nature of unfettered, "free market capitalism" (2006: 448).

Although management of the water firm alluded to a reduction in strikes and other forms of industrial unrest, this does not illustrate improved industrial relations or satisfaction by workers over their conditions, but because workers in general suffer intimidation. As 43-year-old Ali Mwaka, an artisan plumber who has been with the company for four years puts it, "yes strikes have reduced because we are threatened with dismissal whenever we think of taking any industrial action. While senior people (management) enjoy better conditions, the junior and middle level employees are given peanuts. We are intimidated and because of this, we accept whatever our union negotiates for us". Zebron Mwamba, a 34 year old artisan was critical of the wage disparities that currently existed among workers in the same category and regretted that appointments by management were "not being done in good faith". Mwamba said the union had tried hard to improve the welfare of its members under a "very hostile environment".

However, while the majority of the respondents appeared dissatisfied with their conditions of work, Moses Kaoma, 36, a father of three and working as a Zone supervisor sounded happy working under a private company. Kaoma confirmed that he was "quite happy" with the conditions "because I'm able to sustain my family with the money I'm paid, although I do some informal business together with my wife". He was happy with the new company because, "this time, I have reached supervisory level while previously I was static despite working for many years". He was equally unhappy with representation from the union saying, "whatever the union has done for me, I'm not impressed. It has failed to fight for good conditions of service for us".

For Joseph Katongo, 49, and Lobina Shibalamuna, 38, life under a privatised company has been one of hopelessness and anxiety. Katongo, a plumber and father of seven, lamented over the reduced allowance towards funeral expenses. He complained that since moving from a public institution to a private company, workers were facing serious hardships in meeting costs for funerals of their loved ones. Katongo explains, "with the HIV/AIDS pandemic compounded by high levels of poverty, relatives are dying in large numbers and at the same time the company has reduced the amount of assistance workers can access towards funeral expenses. We are facing problems in meeting the costs of funerals of our relatives as the company only gives us a fixed amount of money and you are expected to meet the extra costs on your own whereas under the council we were provided with sufficient assistance in terms of funds and transport".

Shibalamuna, working in the data processing department and has been in employment the last 16 years, notes that while privatisation was 'good' the treatment the workers received from management amounted to exploitation "because we have very little say in issues that affect us in this company. In fact, we are disappointed because we were under the impression that since privatisation meant a reduction in the labour force, those that remained in employment would enjoy improved conditions of work but this has not been the case". Shibalamuna notes, "there is total disregard of the provisions of the Industrial Relations Act by management and workers have nowhere to complain to because the union has been weakened while government seems to side with management". She also revealed that there was misplacement of skills as some workers from over staffed departments were shifted to departments where their skills did not apply and they could not resist because they wanted to remain in employment.

The lack of protection among workers in a privatised company was a major concern for Pirate Musandu, 51, a maintenance supervisor who blamed government for the current problems in privatised companies because investors had been given so much power and leverage by the state without necessarily giving due regard to employees. Musandu complained that government was failing to enforce labour laws and this had greatly contributed to the vulnerability of the workers. Thus, argued Musandu, “workers in this company have very little protection because the labour laws are being abrogated with impunity by employers and the government takes no notice of complaints from workers because they fear investors can withdraw their capital and leave”. Musandu emphasised on the need for the trade unions to prevail over the suffering of their members and use the existing labour laws to protect their members.

Musandu also expressed the concern that if government was failing to confront and deal with the problem of casualisation at this point, it would be difficult for government and unions to tackle the problem once it takes root in future. Investors would enjoy massive power over workers, Musandu explained, and it will become difficult to protect workers from exploitation. This was having a negative effect on the workers’ morale, as Musandu puts it “because all our anticipation and hopes of a bright future are being dashed by each new day that comes. Things are simply not falling into place at all”.

However, George Mufumbwe, 33, blamed management’s “selfishness” as a major cause for the workers predicament in the company. Mufumbwe thinks that management was trying to act unfairly over workers by withdrawing most allowances which were previously enjoyed, in the name of cutting costs. He said privatisation of the water utility company could have benefited workers if only management had cared to share the profits equally. Mufumbwe, who has served for seven years in the administration department, claimed that the company was generating sufficient profits which could improve the welfare of workers if shared fairly. But, he argued, “we have a situation where management’s welfare is given preference over us the ordinary workers”.

One of the retrenched workers, Gibson Shakantu, 55, who formerly worked for the local authority as a plumber, spoke of how four of his seven children had to stop going to school because he could no longer afford the required costs. Shakantu had to sell the two-bedroom house he bought from the council while in employment, in order to raise income for his family's survival. He argues' "I just could not adjust to the new environment, especially that I left even without being given my terminal benefits immediately". Shakantu said his children had to leave school and take up street vending as a way of raising family income. Although two of the children have continued with their education, he still remains pessimistic on how far they will go given the ever increasing high fees demanded at tertiary education level.

Shakantu's family which enjoyed high cost medical schemes while he was in employed were now forced to queue up at the low cost section at public hospitals which were poorly funded by government and where patients were often asked to buy their own drugs, except for emergency cases. Lamented Shakantu,"I do not see any future for my children. Education is the key but without a job, I have failed to provide for my children's education because the fees are so high. I wished government could come up with special schemes for vulnerable children like mine". Shakantu now survives by selling groceries at a makeshift stall at the end of a township street in Twatasha township, east of Kitwe.

Notwithstanding the effect of privatization on the consumers due to increases in tariffs, it is clear from the above evidence that privatization has adverse effects on a broad range of services and benefits for worker. While economists may favour privatization for reasons of perceived efficiency, company growth and labour productivity, they tend to gloss over the direct effects on the economic and social welfare of workers. As argued earlier, privatisaion comes at a price to the workers when it comes to issues of lower levels of employment, longer working hours and worsening service conditions. It is clear, then, that the language of competitiveness and efficiency is undermining the workers' ability to develop a sense of collective demands, collective identity or collective action (Seidman, 2004: 118 - 119 in Aguiar, 2006). The problem of wages being systematically depressed and jobs becoming permanently insecure, through restructuring, poses a great challenge, both to private capital and to the state. It is clear from available evidence that workers affected by the negative impact of restructuring endure erosion of their social, civic, economic and political rights which Aguiar refers to as “effective citizenship” (2006: 452).

Stiglitz (2001) also suggests that changing economic systems of reforms have affected the relationship between the economy and society. Given that the workers at Nkana Water and Sewerage company and the mining sector in Zambia now have to put up with longer working hours, the persistent high levels of inequality and indeed the pervasive poverty and squalor affecting the majority of people, clearly shows that the reforms have led to the erosion of social relations and destruction of social capital (Stiglitz, 2001).

The decline in the welfare of workers and the reduction of workers to mere elements of production, thus, leads to workers developing feelings of going back in time, what Burawoy (2001) refers to as social involution. Burawoy writes about “a market transition but without the anticipated economic, social and political transformation, that is without the accumulation of capital, the expansion of society or the rise of a developmental state. This is a transition without transformation”(2001: 2). What Burawoy’s discourse on social involution (2001) brings to the fore, is the danger that societies in transition face today. This is the danger of the clock being turned back and civilization being undone by a few capitalists and monopoly firms. How, then, can society oppose the near-slavery conditions that economic restructuring imposes on it and decimation of the working class by capital in order to reinstate a sense of human dignity?

It is clear from this study, that economic liberalisation has caused major social dislocations among the middle and lower classes of society in developing economies. While there is little evidence in the region to show that liberalisation promotes growth, it has been shown that liberalisation in Sub-Saharan countries like Zambia has been implemented at great cost to the ordinary people. As Stiglitz (2001) writes, the free trade policy has led to the destruction of thousands of jobs in emerging economies, which is far more than the jobs that have been created through foreign investment. “But in developing countries with high levels of unemployment," argues Stiglitz, "the job destruction that results from trade liberalisation may be more evident than the job creation, and this is especially the case in IMF 'reform' packages that combine trade liberalisation with high interest rates, making job and enterprise creation virtually impossible" (2001: x).

The high level of frustration, inequality and dissatisfaction that privatisation imposes on the workers raises the important question on the need to reclaim the state. It must be acknowledged that the poor countries cannot compete with the developed world at an economic level. By way of contrast, the developed capitalist countries will always dictate terms when it comes to dismantling institutions of social and economic nature as well as labour laws. This ideological attack on the welfare state, leaves society and the labour force in a state of vulnerability and open to exploitation, abuse of conditions and marginalisation. In the case of Zambia, the level of disenchantment was clearly visible during the September 2006, pre-general election campaign when the opposition used the people's suffering to gunner massive votes from the urban poor. It is unsurprising, therefore, that in his opening speech to the first session of the 10th National Assembly, the country's President, Levy Mwanawasa, responded to the people's disenchantment by acknowledging the existence of labour practices that were frustrating Zambian workers. Addressing the issue of employment, Mwanawasa admitted, "My government has noted the concerns over labour casualisation, contract labour and abuse of workers' rights". Conceding that high unemployment and poverty levels continued to be a challenge to his government, Mwanawasa stressed:

> *"Mr Speaker, my government has noted the concerns and I am now directing the Ministry of Labour to immediately bring to the table, all relevant stakeholders, such as employers organisations and representatives of employees, to discuss and propose measures to address the issues at hand."*[13]

[13] Speech by President Mwanawasa at the opening of the first session of the 10th National Assembly on 27 October 2006, published in the Zambia Daily Mail on 28 October 2006

Admittedly, it would be misleading to suggest that economic reforms, globlisation or privatisation do not work and that they are to be blamed for everything that is wrong with the world. As argued earlier, globalisation and the neo-liberal agenda have chalked up some positive achievements which have contributed to the growth of some economies of developing countries but the point of departure here is the failure by governments to address the negative consequences. Burawoy (1999) lays specific emphasis on the need for the state to protect society against the market, as it administers the external conditions of the market. For Burawoy, "the state embodies the double movement towards market and social protection" (1999:16).

While there are no easy answers to challenges posed by privatization in developing and transitional economies such as Zambia, it is useful to draw lessons from what happened in China and Russia in the two countries' quest for stability and growth. While China put the promotion of competition, new enterprises and jobs, before privatisation and restructuring existing enterprises, Russia on the other hand, like Zambia, went for a shock therapy type of liberalization where prices were freed overnight and implemented rapid privatization (Stiglitz: 2002, Burawoy, 2001). The debate between the "shock therapists" and the "gradualists", as Stiglitz (2002: 162) refers to them, centres largely on the pace of the reform. For Stiglitz, the successes in countries that did not follow IMF prescriptions were no accident as there was a "clear link between the policies pursued and the outcomes, between the successes in China and Poland and what they did, and the failure in Russia and what it did" (2002: 187). Similarly, Etukudo (2002) blames the failure of reform in countries like Zambia on lack of sequencing. Etukudo argues that many African countries try to, simultaneously, put in place a democratically elected government, install a workable economic system as well as implement privatization. Thus, sums up Etukudo, "it is like juggling several balls in the air while the stage on which the juggler stands keeps shifting" (2002: 2). These issues are explored in detail in the next section.

5.4 The Dynamics of Restructuring: The Missing Links

As argued in preceding chapters, the implementation of economic reforms, particularly market reforms, has become the major development policy model on which African countries are seeking to stabilize their economies. Unfortunately, most economic reform programmes prescribed for African countries whose economies are in decline have not led to expected levels of growth and stability. There have been and will no doubt continue to be, controversies on the introduction and implementation of economic reforms in Africa. In general terms, the need for setting economies in Africa on a recovery path raises no controversy, but it is the mode of implementing economic reforms that has been a subject of intense debate among various sections of society. Although it is difficult to state precisely how Africa, in general terms, has benefited from economic restructuring due to lack of sufficient data, casual observation shows that restructuring has not brought about major positive changes to the livelihoods of the majority of the population. Others have argued that restructuring has brought about economic growth in some countries, but even in such countries key questions still beg for answers. Although there a few countries in Africa which advocates of restructuring can point to as having registered growth, I argue that the social impact of this restructuring has claimed more casualties than anticipated.

As Burawoy (2001) writes, commentators have taken “from Polanyi as they would from the shelves of a lavish supermarket, picking out what strikes their fancy while ignoring the whole” (1999: 2). In similar fashion, proponents of neo-liberal policies have picked out the positive aspects of economic restructuring while deliberately ignoring the social consequences of such programmes. Almost all countries in the Southern African region are going for economic liberalization, not only to seek economic renewal but to ensure effective integration of their economies into the global economy. It is also no secret that the reforms that are being introduced in different countries of the region are largely influenced by the thinking of the IMF, World Bank and other policy prescriptions hatched in the developed world. The IMF and World Bank today have a much stronger influence in many developing countries, where conditions are imposed for a country to get any seal of approval for financial assistance. But, as Webster and Bezuidenhout (2005) argue, these international financial institutions, until much recently, hardly considered the social context in which the economic reforms took place. As a result, the reforms - through unregulated markets – have not benefited the poor and have failed to protect social services.

Professor Edward Webster[14], who has written extensively in the area of globalisation, holds the view that economic liberalisation has created uneven conditions between the rich and poor countries, with conditions in the poor countries deteriorating. Webster argues that the disparities have crystallized in the widening gap between the North and South because the Washington Consensus emphasized more on the markets than on social protection. Thus, Webster stressed:

> *"Globalisation has failed, particularly if you look at the intention of improving people's lives and living conditions. There is no living example in the world where rapid economic reforms have worked and if anything, success stories have happened behind closed barriers. The multinationals have been allowed to expand and have become more powerful than the state".*

Webster also questions Wolf's (2004) thinking that globalisation has not been beneficial to developing countries because they have not sufficiently opened up their economies to the world. Webster asserts, "You have got to look at ethical and moral issues here. At the moment the process is unfair. If you take the example of least developed countries, the process is merely benefiting a few people in society leaving the majority to survive in poverty". It would, thus, be condemning developing countries to economic suicide to ask them to open up their economies as much as the developed countries have done, given the contrast in resource availability. Available data also indicates that even developed economies have exercised some measure of protection in terms of economic liberalization. The sharp criticism that has been consistently directed at the international financial institutions attests to this argument. Ferguson (1999) supports this point when he argues that since the 1990s, Africa has undergone a crash course in the most vicious aspects of free market capitalism while the benefits have largely eluded the continent. Webster is also critical of the investment policies under globalisation which he argues have destabilized the manufacturing base in the region. He stresses that the basis of

[14] Author interview with professor Edward Webster of Sociology Department at the University of the Witwatersrand. 19 October 2006

investment is to create a strong manufacturing base, but what has happened in the region is the exact opposite with the manufacturing industries on the brink of disappearance. “The problem now is that,” argues Webster, “the state has been captured by predators. They are simply looting. We want more from investment other than the looting we are seeing”.

However, Webster admits that the concept of fair globalisation is useful in demanding for a process that will deliver the expected goods to developing countries. The challenge for Africa now is for the continent to demand that globalisation should become more participatory. As the tide is now changing, Webster notes, people have realized that globalisation has not worked for the majority and they are beginning to question the primacy given to the market. Given the level of civil unrest which have characterized the implementation of economic reforms, it is clear that adjustment policies which were meant to help countries adjust to economic crises have in fact led to serious imbalances (Stiglitz, 2002). Thus, I argue that developing countries have been pressured into significantly opening up their national economies and substantially reducing protection but only to encounter continuing real protection of various forms in developed countries. Economic liberalization has, thus, created winners and losers, with the developing countries emerging the losers. It is obvious that local industries in developing countries cannot hope to attain levels of efficiency in an environment of unfair competition. As argued earlier, such uneven competitiveness can merely serve as fertile grounds for the erosion of livelihoods on a massive scale.

It is also suggested that economic reforms have not led to expected growth levels in developing countries due to lack of a coherent strategy for economic growth . Those that chose to implement economic and political reforms simultaneously, together with privatization discovered later that they did not have sufficient resources to undertake such a massive programme. As McPherson (1995) argues, in the case of Zambia, that policy reform failed because it lacked prudent economic management and a pro-active approach to economic policy. McPherson argues that all relevant policies cannot be implemented at the same time by government due to lack of capacity. This suggests that the implementation of policy change can only be successful if it is spread out or phased while monitoring the outcomes of the changes being made (McPherson, 1995). The basic issue, argues McPherson, is whether the phasing adopted represents the 'next best step' for the country. In Bigsten and Kayizzi-Mugerwa (2000) is also revealed that Zambia's experience makes visible the importance of policy sequencing where, for instance, agricultural reforms were undertaken before macroeconomic stability was achieved and where financial adjustment measures were undertaken before fiscal stabilization.

5.5 The Role of the State

The implementation of economic reforms, particularly privatization, has reactivated the debate on the role of the state in promoting economic growth and development, and in a much broader sense, its role in society in general. The debate on the role of the state, continues to gather momentum, as the stark and harsh social consequences of reform take their toll. It is clear that privatization in Zambia has been a painful experience for the workers because the state has been absent. The state took a back seat and watched as the new owners of former state enterprises effected massive job cuts and brutalized conditions of service. It has been shown earlier that economic liberalization pushes countries into competition for industries that operate trans-nationally. The power and agility of capital and trans-nationals to move from one country to another with great easy puts pressure on regulations, sparking a 'race to the bottom' (Sassen, 1997, Silver: 2003). The role of the state today is no longer as clear as was the case in the past and the more states deregulate in order to raise competitiveness, the more they contribute to the strengthening of trans-national networks and actors (Sassen, 1997). Global capital has made claims on nation states and as Panitch (1997) observes, this global capital has escaped the state, and that it now operates beyond the state's control.

What then should be the role of the state in economic development? Pillay (2001) presents us with two scenarios. One is where the state plays "a facilitative role" and the second where the state plays a "directive interventionist role". Under the facilitative role, according to Pillay (2001: 8), the state's role is restricted to the provision of an enabling environment for the private sector and can only act where the market fails. In the directive interventionist role, the state's visible hand combines with the invisible hand of the market in driving economic development (Pillay, 2001). The directive interventionist role of the state is associated with the success story of economic development of some East Asian countries. Pillay (2001) posits that "in the East Asian countries, the state intervened extensively in order to pick winners and direct the market to achieve the required economic development" (2001: 8). Thus, whichever, way one looks at this issue, it remains clear that the state plays a central role in economic development. Stiglitz (2002) espouses the idea of the centrality of the role of the state, when he stresses that the state plays an essential role not only in mitigating market failures but also in ensuring social justice. For Stiglitz, there is a danger that, left to themselves, market processes could leave the majority of people with few resources to survive on.

There is need for increased pressure on governments in the region to play a major role in issues of investment and protection of workers by strengthening labour legislation to ensure that jobs created by foreign investment are of a decent and sustainable nature. Better jobs and decent incomes for the workers in developing countries hold the key to better living standards. The role of the state in developing countries in ensuring that reforms work for the people, thus, becomes cardinal. There is need for a critical re-assessment so that there is increased state intervention in issues of social, economic and political development. It is important that "the notion of the nation-state be replaced with that of the 'capable state' – a state agile in its responses to the forces of change and equipped with institutions which enable it to respond to its citizens' needs" (Clapham, Mills, Morner and Sidiropoulos: 2001:28). What remains essential, however, is to ensure balance between the different economic and social values and ensure that economic gains are distributed and redistributed in an equal manner.

5.6 Privatisation and Employment

It has been shown earlier how privatisation in emerging economies leads to employment contraction and deterioration of social and economic conditions of labour. It has also been argued that privatisation has been a subject of immense controversy in countries that have implemented it on a large scale. Unemployment is arguably a strong feature of privatisation, and there are also other costs of the process that society is obviously unwilling to pay. Workers, in Zambia for instance, where the majority state enterprises have been sold to the private sector have paid a heavy price in terms of social costs as privatisation has resulted in loss of jobs, the introduction of new rules at the workplace, longer working hours and a significant reduction in benefits. Suggestions that those affected by privatisation are usually left without alternative employment presents a serious problem of degeneration as such people are exposed to poverty and deprivation.

The findings from this research clearly show that workers are experiencing less and less protection from the state in the face of privatisation. Some employers, both local and foreign investors, are taking advantage of the high unemployment situation in individual countries and the region to manipulate labour to their benefit. Employers are increasingly demanding labour market flexibility as a way of weakening legal requirements that ensure job security, protect severance packages and provide sanctuary to workers against unwarranted and indiscriminate dismissals. Employers in such sectors as textile, retail, agricultural and service want freedom to hire whoever they want and when they need them and fire them at any point when their labour is no longer required. This, has given rise to casualisation, temporal employment and other precarious forms of employment without any form of protection or social security.

5.7 The Decent Work Agenda

The increase in the power and mobility of trans-national capital has, obviously, posed new challenges to the trade union movement in a number of ways. The major challenge is the reduced role of the state in the provision of social welfare and protection of society against the invading capital. The dismantling of essential services, previously provided by the state, form part of the capital’s attack on the social standards of labour and society in general. As a result, the decency and dignity that was characteristic of formal sector employment have since disappeared. The erosion of trade union power in the region is evident in the apparent existence of negative labour practices throughout the Southern African region and beyond. Countries are revising labour legislation in order to accommodate demands for flexibility by investors while trade unions are being reduced to playing a minimal role. This has led to tensions between the state and trade unions and calls for the urgent renegotiation of the social compromise that has existed between the two, for so many years.

In calling for fair globalisation, the ILO makes it clear that states and societies “are the central actors in making globalisation fair in both North and South (ILO: 2004). The ILO suggests that well-governed countries with strong ties to strong workers’ organisations, employers and civic organisation have better chances of expanding the advantages of globalisation while avoiding the many risks. In this sense, therefore, strengthening the institutions of social dialogue and consultation remains a fundamental goal of governments in developing countries. As Amri-Makhetha of the ILO asserts, the ministries of labour in some countries “have continued to be marginalised in these process, as a result of which the decent work agenda has not adequately found its place in national development policies”.[15] The coverage of social dialogue, as Amri-Makhetha observes, has thus, been limited in scope.

The capacity and ability of representation of members’ interests by their organisations clearly raises questions, given that major issues affecting the welfare of members have not been adequately addressed or have not even found their way to the social dialogue table. Certainly, the ILO (2004) hits the nail on the head when it asserts that global markets are moving ahead at full speed while economic and social institutions are “lagging far behind”, straining the ability of the of the multilateral system to respond effectively to a wide range of challenges. The importance of the multilateral system is also emphasised by De Villiers and Anstey (2000) when they talk of successful “social and economic pacts” between labour, business and government during transitions in countries like Sweden, Denmark and Austria, which contributed greatly to regulating relations between the actors over a period of decades. The success of the pacts was underpinned by sustained economic growth which enabled all the key interest groups to satisfy the needs of their constituencies (De Villiers and Anstey, 2000).

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[15] Speech by Judica Amri-Makhetha, ILO Director, Pretoria, at the 11th NEDLAC Annual Summit held in Johannesburg on 9 September 2006.

Trade unions are, thus, left with a daunting challenge of rebuilding their weakened position in social dialogue. There has been a marked decline in the quality of services provided by unions to their members. Faced with the pressures of economic restructuring, it is evident that very few unions are taking up members' issues and developing innovative demands and organising strategies (Baskin, 2000). According to Baskin, this problem extends to the highest level where national centres and federations "frequently miss opportunities to influence public policies and promote workers' interests" (2000: 50). And as Buhlungu (2000) argues, the strategies that unions have successfully used in the past to achieve a number of gains for their members should serve as an important resource for the unions to continue to use or draw on. More importantly, domestic labour market responses to globalisation are based on the rationale that unions should do what unions do best - protect workers' welfare in the labour market. The marginalisation of labour, clearly, means weakening a key component of the economic development and this destroys the very foundations on which economic growth is supposed to rest.

Chapter Six

Conclusion

This research has argued that almost all the countries in the Southern Africa region have undertaken some form of economic restructuring, albeit at different levels. The study has shown that due to the poor infrastructural development and insufficient human capital in the region, countries have remained sources of raw material extraction for the industrialised countries. As noted by Webster and Bezuidenhout (2005), the economic profile of the region, in terms of investment and employment creation, has a mixed interpretation due to unbalanced growth between the developed and developing countries.. It is also clear from the research that some of the countries in the region, like Namibia, are still recovering from the legacies of colonialism and wars which left them in a state of disrepair. Development in such countries can only take place by levelling the playing field in terms of trade, technological advancement, increased investment and other related areas.

This research has also shown that due to increased adoption and implementation of labour market flexibility policies, Zambia has recorded an increase in casual labour, temporary employment and sub-contracting in some sectors such as the mining sector. Such labour practices erode the working conditions and wages of workers. Casual as well as temporary workers tend to lack representation and capacity to bargain and as a result they are subjected to exploitation. It is important to stress that making labour markets flexible by removing regulations that protect the worker does not help in dealing with problems associated with labour market changes and neither do such practices serve to capture the available global opportunities.

The findings in Zambia suggest that the IMF and World Bank inspired policy prescription have not resulted in growth and improved livelihoods for Zambians. It is also clear, from this research, that forced adjustment can have negative consequences on national economies and the general welfare of the people. As for the impact on labour, the Zambian case is instructive, where privatisation is implemented hastily in a period of macroeconomic instability leading to massive job losses and social dislocations. It has been shown that externally imposed restructuring, without giving much attention to a country's local needs, can have devastating results on the country's economic performance. It is important, as Williamson (2000) argues, that emerging economies implementing privatisation do it right than doing it quickly.

Economic liberalisation in Southern African countries has also opened local industries to high competition from South African investment, particularly in the retail, agricultural and service sectors. This competition has, inevitably, led to weak labour legislation in such countries leading to the vulnerability of labour. It is evident, that workers employed in South African investment companies, do not enjoy similar conditions as those enjoyed by their counterparts in South Africa. The case of Shoprite workers in Zambia (Kenny, 2005) presents a classic example of the abuse such workers endure. As Kenny (2005) argues, Shoprite's harsh and exploitative management is driven by cost-saving and high profits. Given the weakened bargaining position of workers, most workers opt to suffer silently for the sake of keeping their jobs. While this investment has created opportunities for local labour, the conditions of work under which these jobs are offered remain deplorable and highly questionable. The current high unemployment level being experienced by countries in the region, argues Stiglitz (2001), has worked to the advantage of capitalists by allowing them to thrive on low wages, as it puts downward pressure on workers' wage demands.

The findings at Nkana Water and Sewerage Company show that privatisation weakens trade union bargaining power and that managements in privatised companies prioritise profits before workers' welfare. This suggests that unions have to rethink their strategies in order to make the transition from resistance to engagement. It requires a trade union movement that is not only strong in terms of muscle and membership numbers but which is equally strong in terms of ideas with an organisational capacity to effectively represent the interest of their members. This also brings to the fore, the relevance and importance of the kind of regulatory and institutional framework needed for employment creation, security of workers and working conditions. This study reveals that under increasing liberalisation, labour market institutions and structures are quickly losing their relevance.

Obviously, weak labour market structures are detrimental to effective worker protection and also lead to the inability of governments to strongly intervene in cases where abuse of workers' rights exist.

As Burawoy puts it, due to liberalisation, the working class is slowly losing its "powers of leverage" and since the "agency of the state" cannot protect society, the working class' ability to organise itself has largely been destroyed even as society hangs on to its remnants as "the last bastion of self defence" (1999: 15). What liberalisation has meant so far in developing economies, is that the state has been captured, as Polanyi (cited in Burawoy, 1999) argues, by a vicious and short sighted classes who are mercilessly pursuing their narrow economic interests as economies open up. Clearly, the weak state can be blamed for the predicament in which the working class finds itself under globalisation. The surge of liberalisation, privatisation and deregulation can only be checked if there is a heavy presence of the state in the process of implementation of these measures. In the absence of a strong state, Africa's continued integration into the global economy will, at best, exacerbate the high levels of poverty, exclusion, unemployment and inequality.

While countries such Lesotho, Botswana and Swaziland can still boast of providing social welfare in terms of health and education, the research found that governments are increasingly focusing on cost sharing in order to reduce pressure on social expenditure. In this sense, therefore, liberalisation of economies has led, as argued by Webster and Bezuidenhout (2005), to a contradictory process of "connection and disconnection" where basic services such as water, health and education are being privatised and pushed beyond the reach of the poor as countries experience cut-backs in social expenditure. The issue of migrant labour also remains problematic in the region as countries fail to reach consensus in deriving a coherent policy that will allow for free movement of people within the SADC region as is the case with the European Union (EU), where there is free movement of people within member countries.

And as suggested by Webster and Beuidenhout (2005), there is need to "reconceptualise citizenship" in the region by introducing a regional social security system where migrants can collect social security payments in countries where they work. The answer to this problem does not lie in tightening border controls but developing regional migration policies that will specifically deal with, among other issues, inter-governmental cooperation in sharing information and collecting data of labour market requirements, a gradual harmonization of labour and migration-related laws and ratification and implementation of ILO Migrant Workers Conventions. Unless strategies and initiatives are taken to harmonise the labour migration, emigrants – particularly the unskilled migrant workers who are invincible to policy makers, as they are unaccounted for, will painfully always find themselves in the periphery of the destination countries' segmented labour market (ILO: 2005).

It is also evident, from this study, that emerging economies seeking foreign investment, are under intense pressure from investors to accept their terms as a condition for investment. Given their weak economies, countries like Zambia have little option but to adopt labour market flexibility in order to attract the foreign investment. Sadly, this has undermined labour legislation and the protection of workers' rights. Even where structures of collective bargaining exist, it was found that such structures in the region are weak and require strengthening. Governments should retain significant powers to regulate Foreign Direct Investment and to administer local policy instruments on such investment.

Another issue of concern is that of declining labour standards. It is true that the speed at which foreign capital is settling in developing countries of the world, in search of higher profits, has also brought with it a number of negative developments on the labour market. The social consequences on workers have particularly been painful. The demand for the social clause to mitigate the impact of globalisation on jobs remains a hotly debated issue with developed countries insisting that international enforcement of labour standards is likely to bring distortions on the labour market and impact negatively on international competitiveness. However, the point developed countries seem to miss is that workers' rights are human rights and that labour standards are meant to protect workers from exploitation by international capital in its attempt to keep labour costs low. Codes of conduct for Trans-National Corporation (TNCs) and promotion of labour rights through debt reduction, better market access and other positive measures are among alternatives that can help in safeguarding international workers' rights.

Countries in the region should seriously begin to negotiate for with multinational companies on the need for these companies to adopt corporate social responsibility codes. These codes need to be taken by companies over and above their legal obligations to treat the stakeholders of the firm ethically and in a responsible manner. This is a move beyond the narrow view of pursuing only short-term profit-maximizing objectives to a broader view of greater social responsibility. Governments in the developed countries should also play a bigger role in promoting labour standards in developing countries, such as Southern Africa, by mobilising action for change through preferential trade agreements. Governments, trade union and employers need to address the issues of employment and fairness in the context of global production chains and globalisation, if labour standards are to be promoted.

If globalisation does not work for the poor, it must be challenged. Globalisation is not a "one-size-fits-all" kind of economic process. Each country, rich or poor, needs to develop its own economic strategies which have the potential to bring prosperity for its people. Countries that are currently disadvantaged by globalisation need to formulate clear trade strategies through which they can derive maximum benefits instead of venturing into trade that only benefits the developed countries. Fair global economic practices should embrace concessions being given to developing countries by developed countries and the promotion of intra-regional trade. Fair globalisation is achievable as long as developing countries are given concessions and access to the international markets without much restriction.

From this study, it is also clear that for people in developing and poor countries, globalisation has meant further impoverishment of the already poor. While it holds true that implemented with good intentions and on even grounds, globalisation as a process, would lead to improved living standards of the people in the world, the existing inequalities between regional and national economies have made it impossible to realise this goal. Globalisation should not be about developed countries reaping all the benefits while leaving developing countries to make modest improvements, minor advances or marginal progress in their economies.

Finally, the developed countries must revise their conception of development. Economic growth without social justice cannot be the idea of development. It is imperative that development is measured in terms of the quality of human life, which can be reflected in, for example, better education, health and life expectancy for every single member of society. This is only possible if people are equally empowered, in theory and in practice. Thus, the developed world has a crucial role to play in this process. Anything that falls short of restoring peoples' dignity, sense of identity, continuity and security should never be accepted.

While developing countries need to learn to respect the dissenting voice of their own people, it is to be expected too, that the developed world will take heed to the concerns and demands of the developing world. Unless this is done, the current wave of social involution among populations in the developing economies will assume higher proportions.

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-Raymond Mothep– Deputy Secretary General , Lesotho Federation of Trade Unions (1 December 2005)

-Mark Bennet – Lesotho Apparel Project (Commack Trust) (2 December 2005)

-Henry Makhale – Secretary General – Botswana Federation of Trade Unions (4 December 2005)

-Norman Moleele – Deputy Executive Director, BOCCIM (6 December 2005)

-Noah Siasimuna – Labour Commissioner, Ministry Labour and Social Security, Lusaka, Zambia (24 January 2005)

-Davidson Chilipamushi, Permanent Secretary, Ministry of Commerce and Industry, Zambia (24 January 2005)

-Crispin Mazuba – Acting Executive Director – Zambia Federation of Employers (26 January 2005)

-Andrew Chipwende – Chief Executive Officer, Zambia Privatisation Agency (26 January 2005)

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